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ABSTRACT

Proceedings of a conference on consumerism in a global economy are divided into five parts. The program for the three day conference is contained in the first part. Brief biographies of the speakers are presented in the second part. The third part lists scholarship sponsors and recipients. The fourth part contains the bulk of the material, reprints of the nine speeches presented at the conference by Dianne McKaig, Irene Williamson, Leslie Brightling, Jane Jopling, J. F. Kery, Louise Trubek, Mary Clayton Nance, Nancy Hawkins, and Fred Goldberg. Topics include international consumer affairs, the Canadian perspective on the global economy, consumer protection, counterfeit products, the European Economic Community, and comparative consumption levels. A list of participants concludes the document. (LP)

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Eighth Annual Mid-American Consumer Conference

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CONSUMERISM IN A GLOBAL ECONOMY

Conference Proceedings

SHERATON CENTURY CENTER
OKLAHOMA CITY, OKLAHOMA
NOVEMBER 14, 15, 16, 1984

SP 016 812

CENTER FOR CONSUMER SERVICES
Oklahoma State University

OKLAHOMA STATE UNIVERSITY CENTENNIAL DECADE 1980 • 1990

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EIGHTH ANNUAL
MID AMERICAN CONSUMER CONFERENCE
NOVEMBER 14-16, 1984

Program

Conference Theme: CONSUMERISM IN A GLOBAL ECONOMY

Wednesday, November 14, 1984

4:00 Registration Opens

6:00 Get Acquainted Reception

8:00 Dinner on Your Own

Thursday, November 15, 1984

8:00 Registration Opens

"Consumerism in a Global Economy"

8:30 Opening General Session

Presiding: William Johnston
Director, Center for Consumer Services
Oklahoma State University

Welcome: Beverly Crabtree
Dean, College of Home Economics
Oklahoma State University

Opening Remarks: Carl Hall
Head, Department of Housing, Interior Design and Consumer Studies
Oklahoma State University

Conference Orientation: William Johnston

Keynote Speaker: Dianne McKaig
Jones and McKaig Law Firm
Washington, D. C.

10:00 Coffee, Tea, and Conversation

"Corporate Consumer Affairs and Global Consumerism"

10:30 Panel Presentation

Moderator: Emily Shuter
Instructor, Consumer Studies
Oklahoma State University

Panelists:
Irene Williamson
Director, Corporate Affairs
Avon Products, Inc.

Leslie Brightling
Director, Consumer Services
Imperial Oil, Ltd.

Question and Answer Period

"United Nations Consumer Protection Guidelines"

12:30 Buffet Luncheon
Presiding: William Johnston

Speaker: Jane Jopling
Chief, Interorganizational Cooperation Section
U. N. Department of Economic and Social Affairs

2:30 Mini-Seminars
Conference participants will be assigned to small group seminar sessions to study and discuss the UN Consumer Protection Guidelines.

Seminar Leaders:
Carl Hall

Sharon Nickols
Professor, Consumer Studies and
Director, Family Study Center
Oklahoma State University

David O'Brien
Graduate Assistant
Center for Consumer Services, OSU

Emily Shuter

Sue Williams
Energy Management Specialist
Oklahoma State University

4:00 Special Session: "The National Consumer Affairs Internship Program"
Speaker: William Johnston

6:00 Gala Reception

8:00 Dinner on Your Own

Friday, November 16, 1984

8:00 Registration Opens

"The Problem of Counterfeiting in a Global Economy"

8:30 General Session

Presiding: Carl Hall

Speaker: J. F. "Frank" Kery
Director of Business Planning and Strategy Management
Ford Motor Company Parts and Service Division

10:00 Coffee, Tea and Conversation

"Special Consumer Concerns in a Global Economy"

10:30 Panel Presentation

Moderator: Sue Williams

Panelists:
Louise Trubeck
Center for Public Representation
Madison, Wisconsin

Mary Clayton Nance
State Specialist, Consumer Affairs
Texas Agricultural Extension Service

Nancy Hawkins
New Jersey Consumers League
ACCI Representative, US Mission to the UN

Question and Answer Period

12:30 Grand Finale Luncheon

Presiding: William Johnston

Speaker: Fred Goldberg
Attorney, Swankin & Turner Law Firm
Washington, D. C.

2:00 Conference Adjournment

8TH ANNUAL

MID-AMERICAN

CONSUMER CONFERENCE

NOVEMBER 14-16, 1984
SHERATON CENTURY CENTER
OKLAHOMA CITY

SPEAKERS

LESLEY BRIGHTLING is currently the Manager of Consumer Services at Imperial Oil Limited. Ms. Brightling is on the Board of the Professional Market Research Society, the Association of Canadian Advertisers and is an active member of SOCAP.

BEVERLY CRABTREE is Dean of the College of Home Economics at Oklahoma State University. Before assuming this position in 1975, Dr. Crabtree was Associate Dean of the College of Home Economics at the University of Missouri. Dr. Crabtree completed her P.h.D. degree at Iowa State University with a major in Home Economics Education.

SHEILA T. HARTY is a Published Writer, Educator, and Consumer Advocate with a B.A. and M.A. in Thelogy. Ms. Harty taught at University College, Cork, Ireland, in 1982/1983, after leaving her position as Staff Associate with Ralph Nader in Washington, D.C. Sheila Harty is best known for her book, Hucksters in the Classroom, which won the 1980 George Orwell Award.

FRANK KERY is the Manager of Business Planning and Strategy at Ford Parts and Service Division. Mr. Kery is responsible for developing long-range plans for the Division's Revenue Producing Activities. He is also responsible for product planning of after-market products. Mr. Kery has also participated in the establishment of the Ford Consumer Appeals Board.

DIANNE MCKAIG is currently partner in Jones & McKaig, a consumer interest law firm in Washington, D.C. Ms. McKaig is a past National President of the Society of Consumer Affairs Professionals in Business. She is currently Chairman of the SOCAP Foundation.

MARY CLAYTON NANCE is a graduate of the University of North Carolina-Greensboro and holds an M.S. degree in Consumer Sciences and Management from the University of Alabama. Ms. Nance is and Extension Specialist in Texas and has done research related to geographical mobility and its implications for dual-earner families.

LOUISE G. TRUBEK is currently Clinical Supervisor at the University of Wisconsin Law School. She is also Co-Executive Director of the Center for Public Representation, Inc. Ms. Trubek has taught at the University of Wisconsin School of Family Resources and Consumer Sciences.

IRENE WILLIAMSON is Director of Corporate Affairs in the Public Relations Department of Avon Products, Inc. She is also Chairperson of the Long-Range Planning Committee of the New York Chapter of the Society of Consumer Affairs Professional and has been listed in the 1983 Who's Who in the East and 1984 Who's Who of Women in the World.

EIGHTH ANNUAL
MID-AMERICAN CONSUMER CONFERENCE

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Rose Marie Craddock, Pauls Valley, OK High School

U. S. FOOD AND DRUG ADMINISTRATION
Alexander Grant, Assoc Commissioner, Consumer Affairs

Capt. Bruce Beede, Tinker Air Force Base
Marvin Hankins, Southwestern Oklahoma State University
Mary N. Harrison, Florida Cooperative Extension Service
Joel Hausler, Oklahoma State University
Lt. Rolando Marsh, Tinker Air Force Base
Louise McCormick, Sam Houston State University
Keren Miller, Southwestern Oklahoma State University
Dea Muegge, Oklahoma State University
David O'Brien, Oklahoma State University
Jacquelyn Wieland, Oklahoma State University

ZAYRE CORPORATION
Stan Berkovitz, Vice-Pres and Director, Consumer Affairs

Jean S. Bowers, The Ohio State University

* * *

DIANNE MCKAIG

It's a pleasure to meet here in Oklahoma City with my friends from Oklahoma State University and others interested in the subject of consumerism in a global economy. I appreciate the opportunity to share my thoughts on this timely topic.

At the outset, I think I'd better tell you what I'm not going to talk about. I'm not going to talk about the United Nations Draft Guidelines on international consumer protection. That subject will be covered later this morning, and discussed in your seminar this afternoon.

For those of you who don't see the Washington Post regularly, however, I can't resist mentioning an article that appeared on November 1. It seems that - since the current administration does not support the draft guidelines - Esther Peterson requested an appointment with Virginia Knauer to discuss their content. This occasioned an inquiry from the U.S. Consumer Affairs Office to the Justice Department regarding Esther's status. Since Esther is representing the International Organization of Consumers Unions, headquartered in the Hague, the question was whether Esther was a foreign agent and required to register as such. The whole thing has become a matter of some mirth around Washington, with Esther saying she feels like she's in a "Spy Book".

Anyway, debate on the guidelines has been scheduled at the United Nations on November 16, so the discussion of the guidelines here today is timely indeed.

In the alternative, what I would like to do here today is paint with a broad brush and discuss -

- The status of the Global Economy
- The strengths and weaknesses of the multinational company in international trade
- Opportunities for improving world trade from the standpoint of serving consumers worldwide, and
- The role of consumerism.

First, on the subject of a global economy, let's disabuse ourselves of any negatives in attitude. Being concerned with the consumer interest, we all read with indignation the articles on dumping, price gouging, deceptive positioning of product and abuse of the uninformed and unprotected - and the whole thing leaves a bad taste in our mouths. The fact is that international trade is not only inevitable - in the same way that developing commerce among the United States was inevitable 200 years ago - but it is

also critical in terms of our national interests. According to the Commerce Department, the United States was running a trade balance surplus of 1.8 billion dollars as late as 1975. In 1980, the traditional surplus had turned into a deficit of 36.4 billion dollars. And the estimated trade deficit for 1984 is 130 billion dollars. Almost 100 billion dollars down the tube in only four years! Every dollar of which adds to the national deficit with which we are burdening future generations of Americans.

So before we even get to the consumer interest, the problem is that our national participation in the global economy is not serving our national interest. Why? The best material I've seen on this was written by Henry Kissinger who says that while the world economy is global in nature, decisions affecting it are taken on the basis of domestic politics.

Historically, international trade was free trade. But that condition no longer exists today. Trading nations insist on barriers that benefit their economic and political destinies. It runs the gamut. The Japanese consider thoroughly a proposed policy's impact on the productivity of Japanese industry, on Japan's competitive strength in the world market, and on Japan's balance of payments and trade. The United States remains formally committed to free trade but erects barriers on the basis of pain - when the least competitive sectors demand political relief. Obviously, only by accident would such ad hoc decisions benefit America's long term competitive strength in the world market.

Kissinger's proposed solution for providing order in the global economy is to re-establish free trade - firmly based on international rules (like the U.S. rules promoting and regulating competition, such as anti-trust and banking regulations) to avoid monopolies, restrict dumping, inhibit export subsidies, and eliminate predatory practices. Possibly accepting the implementation of this kind of world order as politically impracticable, he then went on to discuss a second - less meaningful - alternative having to do with trade blocs.

I covered these observations from Dr. Kissinger for purposes of comparison. When discussing opportunities for consumerists to impact the availability of appropriate products and services to consumers worldwide - as I plan to do shortly - to some extent we are discussing nibbling at the feathers of a sick duck. In the United States efforts of consumerists attach to a system, perhaps imperfect but to a system, intended to be workable and rational. No such system exists in the global economy, leading to policy decisions regarding the expenditure of finite consumerist resources. Should part of the consumerist attention be directed to curing the duck - i.e. establishing a rational global system

of commerce which could then be refined by provision for protection of the individual interest?

Moving on to the strengths and weaknesses of the multinational corporation, it's true that international trade makes possible the sharing of commodities and the cornucopia of modern products, advances and technology on a global scale. In some instances, the requisites accompanying trade also add to the infrastructure and economy of the recipient country. An example of this with which I am familiar pertains to soft drinks. Generally, soft drinks are marketed through a franchise system which means that a local business purchases syrup and the use of a trademark, production and distribution system. It's then necessary for the local business to obtain a production facility, employees, glass, crowns and other packaging, trucks, gas, and repairs. A whole support system develops around producing and distributing a finished product and that system means jobs, money, and an addition to the industrial base of the area. There are related examples in other industries with regard to manufacturing installations and, certainly, methods of distribution.

The other side of the coin on international trade is that - similar to the unregulated trade from the political or nationalistic standpoint - the multinational corporation pursues private interests on a global scale and is unaccountable to any authority matching its geographic reach. And the multinationals are powerful entities, with total worth and profits often exceeding the domestic budgets of the host countries. Moreover, the interests of "headquarters" may take precedence over the interests of the off-shore subsidiaries - affecting both pricing and the allocation of resources. Compounding this problem is the nature of the interests of the multinationals which tend to be found in industries that are oligopolistic. These companies often place strong emphasis on marketing techniques and product differentiation, in contrast to alternative forms of competition.

The result is that the marketing practices of the multinational may shape or distort consumption patterns in the recipient countries. At the least, this leads to an homogenization of tastes to the detriment of the indigenous way of life. At worst, it may lead to a contradiction of interests in relation to the needs of the local consumers.

In particular, mass advertising - with messages developed for the affluent - seduce the poor with visions of the good life as soon as they have any cash at all: exploiting the yearnings of third world people to emulate modern styles without regard to their appropriateness. In addition, the oligopolistic industries have a tendency toward pricing inflexibility, sometimes establishing a common price in order to maintain the desired profit margins. The

established price may well be higher than that justified by local manufacturing conditions and costs.

Of course in the real world of competition, maintaining different levels of pricing may be easier said than done. Take for example the problems of Vivitar Corporation which manufactures and sells trademarked photographic equipment in the U.S. along with a system of warranty and service. The company attempted to sell the same equipment, manufactured under different conditions and without the service infrastructure, in third world countries for a reduced price. A large discounter, taking advantage of a loophole in U.S. customs law, bought the equipment, returned it to the U.S., and undersold the equipment intended for this market. Among other things, it created confusion for the American consumer as to which products were under warranty and which weren't.

It's also of note that the multinationals may not be adaptable as producers in host countries. Multinationals originating in affluent countries are usually capital intensive, rather than labor intensive. When standardization of production processes is imported, a limited number of jobs is generated with corresponding limitations on skills development. A further disruption occasioned by the power of the multinational is the ability to settle internal transactions to produce profits in countries with the lowest rates of taxation. This has an indirect effect on the local consumer, shifting the burden to local tax and the cost of local goods.

The capacity of the host country to influence the outcome of international trade is radically reduced by its global character. The wealth and power of the multinational often permits it to sidestep the effors of the local government to tax, constrain credit, control exchange rates and so forth.

Now let's talk about what and who. What can be done to improve world trade so that it better serves consumers worldwide and who can provide the impetus? It seems to me that there are several conduits for change including business itself, international bodies, and the moral suasion and leadership of the U.S. government.

The problems resulting from business activity that I have been discussing are not - for the most part - the result of evil intent. Dumping dangerous products and actions which adversely effect health and safety are evil and must be stopped through regulation, international or domestic. But the broader questions on international trade simply reflect a lack of business sensitivity to the consumer interest - kind of a replay on the international stage of what we talked about in this country twenty years ago. Some businesses are beginning to see - and I think the consumer literature should

reflect - that working in the best interests of their consumers, wherever they are, is good business.

I was impressed with the remarks - made at the SOCAP annual exchange last month - of Ralph Hofstad, the chief executive officer of Land-O-Lakes. Mr. Hofstad said that his company has a surplus of 40% - primarily agricultural products - that must be sold overseas. And he said it won't do to turn to potential purchasers off-shore and say "See what we've got! Why don't you buy it?" He said that international marketing must be tailored to the needs of the new market, ethnic differences, language differences: The same kind of research and effort that would be used to develop a new product to reach and maintain a new clientele. Obviously, much of that research can't be done at home. It will be necessary for the multinational to establish indigenous efforts to work with the different leadership groups in the host countries to see how they perceive the local marketplace needs and how they see the multinational as relating to them. That is: not to ignore, or to respond, but to establish positive contact. The consumer's right to be heard!

Then there are the international bodies. President Fazal of the International Organization of Consumers Unions has said that our goal should be interactive international cooperation, not just a one-way operation. This requires an international forum. While limited to a region, the best of these may be organizations like the EEC which - although the process is laborious - can sponsor directives with teeth in them.

The U.N. Guidelines are non-binding. But they are a starting place and they are global in scope. And the U.N. has provided some measure of leadership on the World Health Organization Code for better marketing practices for infant formula, and the resolution on identifying products whose consumption or sale have been banned or restricted. With regard to U.S. leadership, however, it's embarassing that our nation was the only nation to vote against the World Health Organization Code and the U.N. resolution. Also, the U.S. refuses to cooperate with the resolution.

The basis on which the current administration is opposing the pending U.N. Guidelines is that regulation of commerce is inappropriate for international organizations. If so, how could international trade be regulated short of an international compact of the kind Kissinger suggested? Again, the U.S. is taking no leadership. Perhaps one of the first jobs of the U.S. consumer is to attempt to influence our own government.

By the way, as a good child of the computer age, I ran consumerism and global economy thru the Dialog data base to see what's been written on the subject lately.

Interestingly, there were only four articles by:

- A deputy representative of the U.S. to the U.N.
- A professor of economics at the University of St. Louis
- A Columbia University professor, and
- The Director of the International Business Affairs Corporation.

All say that the recent activities of the U.N. are a threat to American business. The one from the business affairs corporation said that the U.N.action represents the first time activist groups have been able to team up and accomplish something on a global scale. And he said - now that business is alerted to the danger - it's doubtful that they could do it again. Who is they anyway?

I'm aware of three instances in which international resistance or boycotts against multinationals have met with some success. In one, an international labor organization initiated a campaign against a U.S. multinational whose franchisee in another country was embroiled in a violent labor dispute. Another is resistance to multinational operations in South Africa, for the most part initiated by institutional investors - churches and universities. The Interfaith Center on Corporate Responsibility, a U.S. organization, provides some coordination of these activities.

The Nestle Boycott was initiated by INFACT, an organization of church, health, and consumer groups; joined by the Baby Food Action Network - representing 90 public interest groups in 40 countries. It's of note that consumers in different countries have sufficient consensus of purpose to engage in concerted activities.

A recent cross-national survey of consumer attitudes was conducted by Dr. H.C. Barksdale at the University of Georgia for the purpose of determining whether there were differences in consumer group objectives based on the level of development of consumerism in the countries where the groups were located. It was postulated that consumerism passes through four levels of development:

(1) Crusading

(2) Popular Movement

(3) Organizational, and

(4) Bureaucracy

For the purposes of the survey, Israel was considered crusading; England and Australia at the popular movement level; the United States and Canada at the organizational stage; and Norway as Bureaucracy. While there were some differences among these countries, no clear pattern of opinion emerged based on consumer movement life cycle. On the contrary, there was considerable consensus, particularly in the opinion that (1) business performance sometimes falls short, and (2) consumers and the consumer movement should take responsibility for positive change.

I reached the same conclusion from meeting with consumer groups in different countries. There are many differences in technique or style based on stage of development or local custom. Consumerists in Australia position themselves as "outsiders" and sound something like the American groups did in the late sixties. The British do more with testing and written comparisons, I rather assume based on custom. The Japanese, with the exception of a few leaders who are comfortable with rhetoric, are less confrontational - I feel sure based on custom. But most of the consumerists that I've met - in whatever country - subscribe to the basic consumer rights espoused by consumer groups here.

So there is a worldwide constituency for basic consumer rights. And the organizations they have formed are making some progress on the world stage. Although better coordination of concerted efforts, and a more inclusive umbrella organization, may be required to meet a global challenge - I agree with Esther Peterson's prediction that "the climate for the future of world trade is going to be affected by the growing internatinal consumer movement."

The focus here today is on a broader understanding of global issues and activities through conferencing, and I think Bill Johnston and his associates should be complimented on their leadership. The focus tomorrow at the U.N. is on the Draft Guidelines for International Consumer Protection, and I hope my "broad brush" has set the stage for a discussion of the pending proposal.

IRENE WILLIAMSON

What I'm going to talk about today is how one company, Avon, has approached international consumer affairs. Under my jurisdiction I have responsibility for the world, for being in touch with consumer leaders, government people, educators in each of the 40 plus countries in which we do business. I'm going to tell you our approach to it. Each company would approach consumer affairs differently based on the type of product they are selling, the nature of the corporation, and the position of that company within the world market place. Even though I'm talking about Avon programs I think you will find that many of the concepts in the overall philosophy would have applicability regardless of the type of industry.

To begin with, Avon is a very unique company, it sells door-to-door, direct to the customer. This has affected much of our programming and our approaches to the business. "Avon Cares" is our umbrella name for these programs in the consumer interest. As direct sellers we really enjoy a very amiable and intimate relationship with consumers. At Avon we like to say that our representatives are sales people who know each of their customers by name. How many retail operations can say that kind of thing? According to Business Week magazine, retailers are spending big on building consumer relationships. They recognize that it's good business. Even American Express, the service giant, is trying to get closer to its customers. Lou Gersner, the CEO Travel Division, said recently, "In the old days, the ma and pop stores knew their customers intimately and instinctively matched their services to each customer. Part of it was to generate good will and part was to generate friendship. That's what we're trying to do, run American Express like a huge ma and pop drug store."

Well, Avon is not an American Express or a ma and pop drug store. I must say that no matter how close our relationship is with consumers it is only one ingredient affecting our success or failure in a particular market. Being a chemist, I always like to relate back to my old days in the laboratory. In basic chemistry courses we learned that chemical reactions are the result not only of the combination of particular ingredients but also the condition under which the ingredients are combined. Much like baking a cake, you have to have the right conditions in order to make the cake rise. So too in our business, the chemistry between the company and the customer is affected by many external conditions. The economic climate may dictate the temperature of the market. Outside pressures from consumer organizations, the industry image conveyed by the media, legislative influences, all of these impact on how customers will react to our representatives when they come to call.

Throughout history, the relationship between consumers and companies has been, if anything, a very cautious one. There was a general policy that individual customers had to be protected against big business. As far back as 3,500 years ago, the Hittites had a consumer code which had two basic laws: the first was, "Thou shall not poison thy neighbors fat," and the second was, "Thou shall not bewitch thy neighbor's fat." The meaning was that the food should be safe, and that you should not cheat. The organized consumer movement is really a 20th century phenomenon. The consumerist in the United States in the 60's affected how we market our product and relate to our customers today, not only the United States but internationally as well. We have come to recognize that perhaps one of the most influential consumer organizations today is the International Organization of Consumers Unions (IOCU). That's a group you've heard us mention several times. With more than 120 very active and well organized consumer organizations from 50 countries and additional funding from the governments of 7 countries (Australia, Belgium, Canada, Netherlands, New Zealand, Norway, and Sweden), as well as the European Economic Community and three United Nations agencies, it is becoming a major influence in the Global Marketplace in which we're all competing.

Avon, as you know, operates in well over 30 countries around the world. Given the personal relationship with customers in each of these countries and our experiences with the US consumer movement, we view the quickening pace of the consumer movement abroad as an opportunity--an opportunity for our customers to have a major positive influence. In 1980, as Director of Consumer Affairs for Avon, I instigated the formation of a consumer network in the Avon world which serves as a conduit for two-way consumer communication, from consumer to us, from us to consumers. We call it the Avon Cares Network. It is not a product and service oriented network; instead, it deals with major issues affecting consumers in the countries in which we have operations. As a result, Avon is now speaking with one voice throughout the world.

Essentially, it's a network of management level consumer affairs persons assigned in each country. They're responsible for handling consumer inquiries, maintaining and developing contact with major consumer organizations, government officials such as Virginia Knauer of the US Office of Consumer Affairs, and educators who are involved in consumer education. Essentially, this network is our eyes and ears to consumer activity around the world. The Avon Cares Network has provided consumers with useful information by way of pamphlets and publications on such diverse issues as "Saving Energy Safely" and "Consumer Rights," definitely not cosmetics issues. We believe that an informed consumer is a better customer. Through the network, Avon has gained the respect of consumer organizations. We have been

recognized for taking the lead and caring about consumer interests.

Consumer organizations have a general mistrust of corporations, particularly if they are multinationals. Although Avon has an excellent reputation for quality products and service, we still operate in markets that are influenced by generalizations about direct selling and misconceptions about business. One of the most successful aspects of the Avon Cares Network has been a series of dialogs with consumers leaders which have been conducted in five countries to date: West Germany, the United Kingdom, Japan, Philippines, and France. The concept for the dialog evolved from a request to arrange meetings between West German consumer leaders and their United States counterparts for an exchange of information on consumer issues. The success of the original US seminar trip resulted in the development of the international dialog series.

We found that there was significant interest among these consumer leaders in finding out more about US business, legislation, education, and the consumer movement. Similarly the US leaders were just as interested in hearing what was happening outside the US. As a result, we decided that in the future we would hold meetings which would provide a true dialog, not just a one-way flow of information. A consumer activist in Japan, Mr. Nakahara, as a result of our pioneering work in Japan and efforts to reach out to consumer organizations, has now joined Avon and is helping us through his contacts to continue the dialog. For maximum effectiveness and long-term benefits, we now invite as participants the active leadership of each country. This includes government. Virginia Knauer of the US and a representative of the EEC participate in our conferences. We certainly invite business including other businesses, consumer organizations such as the National Consumer League, and educators like Father McEwen from Boston College. We find it very important to keep a balance among the four sectors.

Each group can and does have a direct influence on consumers and our business, too. We work through opinion leaders with large constituencies who can share their experiences, persons like May Robertson of Scotland, an officer in the Scottish Consumer Council and a reporter for the BBC. In selecting the locations for our consumer leader dialogs, we go to countries in which there is an Avon facility, an active consumer movement, or where we are anticipating some legislative activity. I follow the consumer movement on a worldwide basis and prior to holding each conference I visit with consumer leaders identified as active on consumer issues. We hold sensitive one-to-one meetings and we invite those who are interested to participate in the conference. These meetings allow me not only to get to know the consumer leaders but also to explain

our program and to discuss our company, its policies and our interest in consumer education. Beyond that, they serve the very real and useful purpose of introducing local Avon management to these same people. The participants in our conferences set the agenda, not we. Avon is essentially a catalyst--there, we are back to chemistry again--the catalyst that brings the right people together and makes sure that the key consumer issues in that country are addressed.

You might ask what are some of the issues that we discussed and, as Dianne McKaig mentioned earlier, you'd be surprised at how similar they are to issues that we've discussed here in the States. We've talked about product safety issues, we've talked about advertising practices, we've talked about finding successful consumer education techniques. There has also been tremendous interest in learning more about how business operates. We have found that consumer organizations, government officials and educators all seem to have a limited knowledge of business operations and often very strange ideas about what business is all about - what profits, pricing and products really mean to the consumer or the company. Therefore, one of the caveats is that we try to hold our meetings and dialogs in cities that are close to our facilities. We offer as part of the program an optional tour of the facilities at the end of the conference. We find the interest level is very high; everyone is really eager to see what it's really like inside our manufacturing facilities, to see what our quality control procedures are like, to see how we employee local management, to see how a product goes from start to finish. In most cases, we've had practically the whole group follow us for the tour. The dialogs are structured also to provide time for formal and informal discussions. Often, we find that we learn a lot more just over a glass of wine. We try to stimulate continuing contacts and discussions.

Initially we found that there was a tremendous mistrust of our motives. The conferences are unique; no one else is doing conferences like this. The first reaction is, Why is Avon involved? Is it a big publicity ploy or are you just trying to use the consumer organizations or the people you've gathered? Since they've had no one else to turn to for comparison purposes, they were, of course, skeptical of us. So one of the things we've done to convince program participants that our programs are really intended as true working session and are convened solely for the purpose of exchanging ideas and the sharing of interests and not a publicity scheme, we bar the press from our meetings. This allows views to be aired very openly, and you don't have to worry about being misquoted in the next day's newspapers. Occasionally we have had some media people participate in our meetings but they were there primarily as resources, not to cover them as news events. Program proceedings are published, but only with the complete approval of all the participants. We've published the proceedings from the

conference that we held in Japan in 1982. We expect an English and French publication of the 1983 Paris Dialog to be available shortly after the beginning of 1985.

Now, what kind of results have we had as a result of these meetings? Why is Avon so involved? Why do we continue to be involved? For one, we've gotten to know the consumer leadership of many countries and they have come to know us, people like the director of the Consumer Information Institute in France. This organization, which is partially funded by the government, publishes a very good consumer magazine with a circulation of more than 300,000. Being able to sit and talk with a man who is influential, who controls the content of the publication and is very much involved in the consumer activities across the country is a tremendous asset to us. Conversely, he has learned a lot more about business. Also, we are members of the Direct Selling Industry which has a separate educational foundation that is very active in consumer education--consumer programming. The foundation, too, has been active in reaching out to consumer organizations in governments in various countries in which member companies have operations. Overall, I would say we have gone in many countries from being considered an industry of charlatans and fakirs, people who sell the product and take-off never to be found again, to one really concerned about the consumer, reaching out and trying to help the consumer.

A second advantage or plus for holding these meetings is that our local management has expanded its contacts with government and consumer organizations abroad. More than just providing good products and earning opportunities in each of the countries in which are operate, we are enhancing the quality of life in each of the Avon countries and we have become very active good corporate citizens. From the selfish point of view, our reputation as a company concerned about consumers has been enhanced and some of our strongest advocates are now the consumer leaders who have taken part in our programs and gave us very hard times in the early days. My very first contact with Steve Brobeck of CFA was the result of a pamphlet CFA had published in which they said, "How to look after yourself in these inflationary times." One of the comments was "close the door on door-to-door sales people." Obviously, that didn't sit very well with me, and so Steve and I started to talk and he has since removed that phrase and modified it to "know how to deal with door-to-door sales people" which we feel is a much more appropriate situation. Steve has taken part in some of our conferences abroad, and it has been very, very useful not only to us but to Steve and the consumer leaders in various countries in which Steve has participated. They had an opportunity to meet with him face-to-face and discuss what is happening in the consumer movement in the United States, how CFA lobbies, the kind of legislation they have been able to impact, how they

deal with consumer groups around the country, and how they deal with business.

Another result of the conferences has been that we have developed a new working relationship between consumer groups and businesses. As I mentioned earlier, both sides have gained from it. In a sense, we've established a new international network composed of the consumers who have participated in our program. In Paris, for example, we had seated at the same table representatives from Canada, France, the United States, England, Scotland, and the Philippines. So we are building a true network from many countries. We can even point to specific events or projects that have been a direct result of our dialog. In the United Kingdom we started working with the National Consumer Council to produce two consumer information pamphlets. One of them is on patient rights, which is a result of a major survey conducted by the National Consumer Council. They had published the original book on patient rights and they are now in a situation where they have used up their money, can no longer reissue the publication yet there is a tremendous demand for it. We are working with them to produce an abridged version that we'll print for them and help distribute. We are also working with another consumer organization in the United Kingdom on the subject of money management. In Canada, we developed, along with the provincial government and the University of Guelph, a Canadian version of consumer rights which will be in circulation early next year.

In the Philippines, a whole new federation of consumer organizations has been formed as result of our conferences called the National Affairs Council. The Bureau of Domestic Trade recently included the consumer dialog that we put together for this year as part of their official program of National Consumer Week Activities in the Philippines. Not only did we have people from the Philippine Government participating in our conference, I was one of the lead speakers at one of their conferences during that week. One result from our Philippines conference that is worthy of notice is that we had a regional conference this time, not just representatives from the Philippines. We invited representatives from six Pacific countries: Japan, Philippines, Maylasia, Thailand, Australia, New Zealand. The representatives from these groups closed the meeting with a statement of commitment where each one said that they would be going back to their individual countries asking their government to help support a tri-sectral council that would involve business, government, and educators to support consumer education. If that really happens I think we're going to see some major changes.

In Japan the interest in consumer education that was peaked by the Avon conference two years ago resulted in a group of 12 Japanese consumer educators touring the United States in 1984. The purpose was to see how consumer

education was really carried out in classrooms at universities and high schools as well as to review programs that were taking place with consumer organizations and business. Avon arranged the tour and unexpectly we received a lot of media coverage in Japan as a result of the tour.

What are our future plans for these dialogs? As the consumer movement continues to become more active outside the US, we plan to continue using this very effective vehicle for improving our consumer - business relations. I mentioned the dialog we held in Manila for the Pacific region. In 1985, we've tentatively planned an European Regional Conference bringing together Western European countries for discussion and we expect that that meeting will be held in Munich. We are just now beginning to work in the Latin American countries. In the United States, people are beginning to recognize that Avon is serious about consumer education. During 1983 Consumer Week, Avon and the US office of Consumer Affairs co-sponsored a conference on consumer education. At that conference I publicly committed Avon to advancing the quality of consumer education in the US and internationally. This summer I was fortunate to be invited by Virginia Knauer to participate in a small meeting at the University of Detroit, and several people here were part of that meeting as well, to talk about what it will to take to put consumer education on the map in the US. In fulfilling our commitments to consumers and consumer education, I feel we have served as a catalyst in bringing together these individuals and organizations which can have a major impact on consumer knowledge, attitudes, and understanding. We held an Avon sponsored conference with consumer educators in Dearborn, Michigan just last week in which we had 35 consumer educators from across the United States talking about the needs for national coordination of consumer education efforts across the country. I am very pleased that a lot of progress was made in that meeting and we can expect to see some cooperative efforts resulting. I feel that slowly we are changing the chemistry between consumers and business with the result that we are forming a very positive chemical reaction.

LESLIE BRIGHTLING

I welcome the opportunity to present the Canadian perspective on what is clearly a very interesting topic. I've taken some latitude on the content of my remarks and I'm going to focus very much on consumerism from a business perspective. I work as part of Esso Petroleum Canada. The combination of consumer affairs, customer relations, and marketing research as a central source of information on consumer and customer issues is rather new in our country. Indeed, it's a relatively new phenomenon in Canada generally.

I would first of all like to provide you with some background on consumerism in Canada and bring you up to date on some recent information which is provided by an organization called the Canadian Trend Report. This organization provides comprehensive information on patterns of social change across Canada. Second, I'd like to take some time to update you on some consumer trends. I suspect these trends are fairly similar to those that have been happening in the United States and certainly they've been affecting Imperial Oil activities in Canada today. Lastly, I'm going to spend some time in telling you how we as a company have been responding to these trends.

Thinking about the growth and expansion of the consumer movement in North America, I am reminded of the social-economic notion of countervailing powers. This suggests that the various elements of society which command power require balancing forces to prevent the abuse of power and achieve social equities. In other words, when business and the public cannot resolve their differences through negotiation or self adjustment, legislation to moderate the power of business will result. Anti-trust legislation in the United States and anti-combine legislation in Canada, for example, represent attempts to define some of the limitations and constraints on business that are perceived to be in the best interest of society. The rights of consumerism really began in the post-war years. In the 1950's we entered a period of industrial growth brought about by the war, pent-up consumer demand for material goods and a substantially higher standard of living. It was also the era when it was more profitable to produce something the consumer wanted than to manufacture something and then try to sell it. This concept marked the beginning of consumer orientation in corporate strategy. However, it was also the start of a new set of problems and opportunities.

While consumers were satisfied with material goods and services tailored to their demands they began to suspect some of the values that the corporations were providing them. By the 1960's what become known as "the new consumerism" emerged with a vengence, especially here in the United States. Ralph Nader's <u>Unsafe at any Speed</u> confirmed public suspicions.

Big business was even charged with profiteering from the Vietnam War. Business in general, some industries in particular and I can certainly vouch for the oil industries, were held to be responsible for a great many social illnesses. Consumerism, in other words, is a consequence of many related causes which exist in today's enviornment. There is no one cause or even one source of cause. It seems to me that the consumerism phenomenon has on the whole been a rather healthy one. It has forced consumers to re-examine their values, their wants and their buying patterns. It has forced businessmen to examine their social responsibility role and their relationships to the customers. It has forced government bodies to become more intimately involved with their constituents and to think more about people generally. It has forced everyone to become more sensitive to the problems of today including our intricate relationships within our natural and artificial environments. The movement is gaining a momentum and therefore most companies are becoming more sensitive to the needs of the consumer and customers alike. They understand that adjustments and improvements must continue to be made.

A movement as widespread as this clearly has deep roots; consumerism is not something dreamed up by politicians as a ready means of picking up bucks. Politicians have been much quicker to sense the public mood than have businessmen and many have successfully ridden the wave. It is not something promoted by a bunch of wooly headed anti-business academics who haven't anything better to do with their time and it is not something that comes from a few upper middle class do-gooder ladies who don't understand the complexities of the modern business world. It would be a great mistake to think that consumerism will go away. In Canada, we have had since 1967 a Federal Department of Consumerism and Corporate Affairs with a minister of cabinet rank charged with representing consumer interests at the highest political level. This department has become one of the most active and vigorous proponents of new legislation in the entire Federal Government. Business responded not by breathing a sigh of relief and turning their backs but by establishing consumer affairs offices in their organizations. The Society of Consumer Affairs Professionals in Business, an international professional association which was founded, as I understand it in 1973, now it has over 8,000 members working actively in the corporate sector. These consumer affairs professionals have over the years come to realize that consumer affairs programs have many different facets. Some of the activities include customer relations. I know in Canada, as an overall comment, people seem to think of customer relations and consumer affairs as one and the same but looked at closely they are not. In customer relations the function relates to the handling of complaints, some work in arbitration, and in sound research and feedback about customers. A second, broad area of involvement in consumer affairs is consumer education, in the provision of information, project funding,

and through advisory panels and forums. I am going to come back to that last point a little later on. Two other broad areas of responsibility for consumer affairs are internal training and in quality control. We are very intimately involved with marketing and external consumer laison.

The consumer movement in Canada has been less virulent, more at the grass roots level, and looks more to the government for intervention than it's counterpart here in the United States. It follows that the cause of this is a different marketing enviornment. The growth of the consumer affairs department is more recent and less broadly based than those here. The Canadian SOCAP chapter in Toronto, the first in Canada, was only inaugurated in 1979. However, interest in this organization is growing rapidly and, of course, there are plans to expand it to Montreal and Vancouver. Earlier this year, the Canadian Trend Report, the organization with I alluded earlier, recorded that 5 percent of all public comment related to consumer affairs. Thirty-five percent of all comment related to credit and financial services, 23 percent on issues around food, 15 percent on retail services industries, and 12 percent on consumerism; you might be interested to know that's a figure that really hasn't changed very much, certainly in the last 4 years. So while it's still there and it's still pretty noticable it's not gaining momentum. Other issues includes product quality and safety, insurance and, lastly, water and sewage related matters.

That the major findings in this particular report reflected three key points. Firstly, consumers are still banking and borrowing and spending on uncertainty. Consumers, in other words, are still cautious but concern is now somewhat more diffused. In Canada the personal savings rate grew to over 14 percent in the third quarter of 1983 which almost equals the recession high of 15 to 16 percent. Second, deregulation of some of the financial service industries is stirring some mixed emotions. There continues to be some uncertainty about the stability of the financial and monetary systems both domestic and international which supports the government's role as an industry watchdog. Lastly, there is growing acceptance of automated retail services. I know that's much further ahead in the United States than Canada, however, discussion around automated banking has shifted to the potential for multitransaction centers and segmented services. Retail alternatives that will enable one stop and even home shopping for banking, food and a wide range of consumer services are identified as the next wave in services delivery.

Going back for a second to the uncertainty alluded to earlier, there are basically four reasons for it. We belive that unemployment, which is considerably higher in Canada than it is in the United States, is predicted to remain high through much of the remainder of the 1980's. Second, the consumer perception is that high unstable interest rates will

continue. Third, there is recognition that disposable income is going to remain flat. Fourth, persistent uncertainty exists over the near- to mid-term stability of domestic and international economic and monetary systems. Underlying all of the above is the fact is that we do have a new kind of consumer.

I would like to take a few minutes just to bring you up-to-date on some of the consumer trends in Canada, and as mentioned earlier I suspect that they are much the same as they are in the United States. Perhaps one point of difference is that Canada is a nation of very widely dispersed but densely settled population centers. Canada's total population is 25 million with 45 percent living in the 10 largest cities and 76 percent living in all urban areas. Canada's population growth is slowing like everywhere else. There are fewer children and a lower net migration. This actually points to decline in Canada's population within 40 years if the present trends continue. Basically, there are five important developments within overall population growth. The baby boom generation has grown up, that's something that's widely known. The 35 to 49 age group will grow four times faster than the average population over the next 10 years. More than 25 percent of Canadians are already over 50 years of age. The family unit, which is central to our lives, is changing it's structure. Lastly, the number of women over 30 who are beginning a family is continuing to rise at a fairly phenomenal rate.

Over the past few years, consumer responses to economic conditions have included such things as cut backs in consumption, rationalization of consumption, such as bargain hunting, buying generic products, buying in bulk, and buying used goods. Then there is modification of consumption such as buying fewer but higher quality goods, combining personal resources and skills with those of relatives. In other words, the growth of do-it-yourself markets and participation in the underground economy in such things as garage sales and bartering are really very common now. The seemingly predictable mass consumer life style of the 1970's will continue to erode as values change and buying patterns become increasingly fragmented.

The consumer of the 1980's will demonstrate certain key characteristics. First, more individual and experimental consumers will buy unique items to stand out from the crowd. Second, consumers will be more educated and, therefore, more discerning and demanding and will want value for their money. Third, they will be more accepting of change. Consumers will view change as a fact of life and thus will be prepared to perform traditional tasks in non-traditional ways. There is no doubt that older people are going to present a very lucrative market. This is something to which Esso Petroleum Canada which is the marketing division of Imperial Oil Limited is very sensitive. We know that this group of people

are looking for products and services which offer real value. They want service. In fact, we are currently taking a good hard look at our service station rationalization program. This is the mix of self service and full service stations we have in Canada, recognizing that we have a large number of women in the marketplace now and a large number of older people who want full service. We really stepped back and changed our outlook in regard to the proportion of full service to self service stations that we're going to have in Canada.

The growth of the working woman is no news to anyone. It has been phenomenal and in Canada we have now over 50 percent of women in the work force today. What may be news to some of you here is the extent to which we have immigrants in Canada. It has dropped significantly in recent years and the immigrant group has changed somewhat dramatically. We have a large number of Asians and the number of people speaking an Asian language at home increased four times over the period between 1971 and 1981. Certainly from a marketing standpoint, this has meant a number of things to add in terms of how to communicate with these people and the offers to make to them. We now advertise, we have always advertised in French, in Italian. More importantly, at the community level, we have had a very active program to insure that in ethnic areas there are signs which indicate that their languages are spoken at the service station. All of our signs are in two languages, and we work very closely with local community groups to understand their particular needs. One of the issues that we've had to deal with is the high degree of illiteracy that exists among these groups. Therefore, signs at service stations have to be looked at pretty closely to make them simpler to understand because these people even get confussed with the pictures and the words about how you put the pump in the car. We have made fairly dramatic changes to the way we communicate these instructions to them. We've also done things like looking at our billing system. The letters that are sent out to them are revised and put in very simplistic language so there is no ambiguity about what we're trying to tell them.

Last, the only other issue that really affects how we as a company will be marketing in Canada is of course the fact that the annual household income has again risen dramatically and currently is estimated to be approximately $36,000 per household in 1984. Clearly there are number of factors causing this. We have a larger number of two-income families, there is a growth in the professional occupations, the aging of the population into higher earning brackets, and large increases in inherited wealth from the previous generation. In light of these fairly significant changes in consumer trends, marketers are going to have to seek out more cost effective ways of reaching their customers. They will select from a vast array of new promotional technologies at the same time emphasis will be placed on basic principles and

the foundations of that will be a greater knowledge and understanding of products and services.

There are two trends that are becoming more and more apparent from an overall business viewpoint. Both of them are trends away from traditional modes of thinking. The first is a trend away from the tendency of companies to hide behind their products and services, the idea that our company makes great products, therefore, consumers should be happy with us. We are now starting to realize that the obligation to produce high quality, safe, reasonably priced products is an obligation we have to provide to our consumers. The second is a trend away from what my be described as traditional public relations programs, those that plug the corporate line without regard for opposing points of view and usually obscure or conceal rather than clarify complex issues. More and more senior management are getting personally involved in communications programs and discussing their company concerns.

In short, I think most companies are considerably more open and accessible. One example in Canada was media coverage about companies ripping off consumers on the price of gas, that there had been price fixing. Imperial Oil's response was for our chairman to go on national television to refute the charges. This case is still in the courts and has cost a great deal of money but I think that kind of approach would not have happened until very recently. Our company philosophy is to be very open in it's communications.

This brings me to what Esso has been doing in response to changing trends and awareness of customers and consumers generally. In 1982 Imperial Oil established a Consumer Affairs Department to generae consumer confidence and acceptance by increasing organizational understanding, empathy and concern for the customer. I should make a point that customer relations, as distinct from consumer affairs, has been in place in Imperial Oil for quite a number of years. Customer relations is handled in the central office for senior management issues and in the regions for day-to-day operational issues. The formation of a Consumer Affairs Deparment within our company was in response to information that showed a sharp decline in public perception of Imperial Oil Limited and other major oil companies. Mounting anger at price increases, service failures, and supply insecurities contributed to a lack of confidence in the industry. It seemed likely that the situation was not going to change in short term. A Consumer Affairs Department was also established to start getting closer to our customers and become more sensitive to consumer issues, so that the organization as a whole would become responsive to consumer needs in every aspect of operations and planning. In other words, a really successful consumer affairs function would have the people on the assembly line, at the gas pumps, in

sales offices, clerical and billing departments, computer rooms and in the board room caring about the customer. This concept marked the beginning of a consumer orientation in our corporate strategy.

In many other companies such as ours, the drive was to give the customers what they wanted. So, a tremendous proliferation of goods and services of all kinds of varieties emerged. On the corporate side, I think it's fair to say that in many cases business has been slow to accept the evolution of consumerism. Based on day-to-day pressures of managing complex organizations, some managers were reluctant to yield to the complaints or disappointments of specific groups or to share their enthusiasm for change. These kinds of views persist today, of course, but I think that they are dying out. I believe that most managers in our company feel we can be responsive to the legitimate concerns of consumers without abandoning the profit motive. We've adopted a direct approach to dealing with consumer concerns and they are a key element of our operating strategy.

I wouldn't want to give you the impression that Imperial Oil has led the way in consumer affairs initiatives. At Imperial and especially Esso Petroleum Canada, we do take the consumer affairs function very seriously. We have tried to implement a very broad approach in an overall policy of getting closer to consumers and recognizing their concerns. I would like to create the impression that we've made progress but we still have a long way to go. The overall objective, of course, is an acceptance by every employee of the company that consumer concerns are his or her direct responsibility. It is easy to acknowledge that customers may have problems dealing with computer printed letters from a credit department but is quite another matter to accept personal responsibility for correcting such a problems when the time honored excuse has been, "It's not my job."

The consumer affairs unit at Esso Petroleum performs a number of vital functions. It consults and works with operating and planning managers in developing consumer affairs programs. It is responsible for monitoring activities and insuring that they are consistent with advertising and external affairs policies. It is also responsible for sensitizing Imperial's management to consumer concerns and issues. One means is a quarterly internal news letter called "Consumer Focus." It reports on programs, activities and consumer concerns brought to light through customer complaints, marketing research, consumer and customer panels, and our contacts with consumer interest groups. The unit is fully integrated into operations and, in fact, it serves as the nerve center connected to contact points throughout the company. The consumer affairs function can help the company anticipate consumer concerns and lead us to change operations. For example, not long ago Imperial started posting prices for all three grades of gasoline at

Esso stations across Canada. Our contact with consumer groups alerted us to the need for people to understand the pricing scale. This demonstrated that we were prepared to listen and respond to customer concerns. We have also undertaken a major project to upgrade our complaint and inquiry handling system. In our business, as with many others, customers with problems don't usually bother to complain; they just switch to a competitor. People who do complain and get a satisfactory response tend to become more loyal. To help us do this we have recently initiated a comment card program at our service stations, agencies and other key contact points with the customers. As a result, we are able to get a lot of information about customer needs and expectations and feed it into plans and programs. We have initiated a number of customer satisfaction studies which examine the service level that we provide at our key interface points. These studies, national in scope, are conducted once a year by telephone and have incorporated the model that has been developed by TARP: overall levels of satisfaction--dissatisfaction, source of dissatisfaction, the extent to which the problems are reported or not reported and, if reported whether it was solved or solved. We now have a solid bank of information on how we perform and how we perform relative to competition. In fact, last year we carried out 11 studies in this area involving more than 10,000 customers and dealers across the country.

We have also recognized that it is critical for our employees who have direct contact with customers to receive appropriate training on how to deal with the public. We have a number of training programs in place for which we are directly responsible. For example, one of our research studies indicated that Esso burner service personnel may not deal as effectively as possible with our customers. We developed a full training package for the technicians. At the same time, we are looking at initiating a fairly stringent training program for service station attendants. Historically, this was an area that caused us a lot of problems. I also mentioned that we have two customer panels, one in Montreal and one in Edmonton. The focus of each of them is a little different. In Montreal we focus on small business customers and the home heating market. In Edmonton we have large representations from the farm market. These panels consist of volunteers who are representatives of the different kinds of customers we deal with. We change the panel members on an annual basis. The panels are facilitated by an outside member of the company. There is a lot of senior management interest but at the meetings themselves we keep that to a minimum.

We also have something called an industrial advisory forum. It's very profitable part of our business, our large industrial customers. Last year, we set up a forum comprised of various senior officers in our company and various senior officers in the industrial sector with whom we do business

either directly or indirectly. We meet with them quarterly. The participation from our company is different in the forums. We have had the president and the senior vice presidents all involved and talking about very broad strategies as opposed to the customer panels where we deal more with the day-to-day operating issues.

And lastly, we have something called the Consumer Advisory Panel. As Irene was discussing the Avon Cares Program it reminded me a little bit of this particular activity which we've had in place for 3 years. It is comprised of people who represent special interest groups in a community, ranging from consumer and corporate affairs to ethnic new Canadians groups. We have 15 members and get together with them 4 to 5 times a year to talk about very broad strategic issues. It really has made a significant contribution to some of our strategic planning. Some of the issues that we've discussed with this particular group are, for example, Imperial Oil's submission to the McDonald Commission. We talked about our corporate contribution program concerning kinds of charities and community efforts we should be focusing our attention on. We certainly talked to them a lot about our advertising efforts. They certainly have been very instrumental in making very useful suggestions about how we should be doing business in Canada.

To summarize, we believe we have taken some very positive and concrete steps across a broad range of consumer affairs areas. I think what has really come out of all our new programs has been a realization that a lot of people out there are frustrated. They need help in dealing with our company and business in general. Nobody really likes to complain, and most people can accept that companies have problems just as they do. They don't object to our making a profit; they just want their concerns considered, addressed and corrected when they have a genuine case. I think that's the basic message for business in what we call the rise of consumerism. There is no question that people mistrust some of the motives of business as well as some of our operating standards and corporate strategies. So long as we in business cannot demonstrate to the public that we do have their interest in mind, those attitudes of mistrust will continue. In that case, we could be faced with further legislation and regulation in an already over regulated business environment. If we can get to the people and allow them to communicate with us instead of concentrating our efforts on trying to convince them of our point of view, then, the people are not going to be all that unreasonable. They can understand and appreciate our interests and concerns just so long as we try to understand and appreciate theirs.

I would like to finish by giving you a brief example of how we at Imperial manage to communicate to our benefit and the benefit of the consumers involved. An Imperial agency, and when I say agency, I mean a consumer agency, for oil

heating and farm fuel become uneconomical to operate in the town of Smith, Alberta. Smith is a very small community in the northern part of Alberta. The agency was a fixture on Main Street for 25 years and the last petroleum product supplier left in town. When it become uneconomic for both the company and Bob Brown, the Esso agent, we had to close it down. In the past, we would simply have arranged for other mperial suppliers to take over Bob's business. Nobody would lose out but some customers might have been alienated by our appearing to have left them uncertain about their petroleum product supply. Last Spring at Smith, with the help of our research and some consumer affairs specialists, we set up a group meeting of Bob Brown's customers to find out what their concerns were. We found that rumors of the closing had begun to circulate and people were very concerned about their heating oil supplies for the coming winter. You will have to understand that these agencies, I'm sure it is the same in the United States, are often the social center of these small communities and it's not just a question of closing down. You're dealing with someone they've known for years and years and years who provided an interface in the community far beyond the provision of petroleum products. A month after the meeting we went back and were able to reassure the people that we committed not one but two Esso agencies to cover their fuel supply and set up a special system of automatic deliveries. At the same time, we took the two new agents to the meeting so they could meet personally with new customers and we rranged for Bob Brown to stay in Smith through the Fall to make sure the system was in place and running well. That may seem like a small thing but it was effective in meeting the legitimate needs and concerns of people in Smith while at the same time it preserved their loyalty as Esso customers. It demonstrated that we were prepared to go to some length, some time, some trouble and some expense to keep faith with our customers - not only on paper or for public relations purposes but in fact. The Smith exercise provided a model for our operating people which they can use to handle similar problems. The principles applied in Smith can be extended to other areas, operating divisions and departments so that consumer affairs won't have to get personally involved in other cases like it. In other words, consumer affairs professionals should be able to work themselves out of a job. Our job is not to solve consumer problems ourselves but to show others in the company how to solve them and let them do it. In closing, let me summarize my view of the consumers affairs function. It should provide a countervailing power: that of the consumer's point of view. Even though it is a challenge to put ourselves out of work, I wish us every success in meeting it.

JANE JOPLING

When I told a friend of mine in New York that the United Nations was dealing with consumer protection he said to me, "How could you possibly be working on that. Surely it's something that national governments should be doing, not the United Nations at all." Well, I'm going to focus on three things today. First, why the UN is sponsoring international consumer protection guidelines. Second, how we in the Secretariat produced the draft guidelines. Third, what they contain. Then I'll say a few words about some of the rather controversial issues which have come up about them.

First, why is the UN involved? Most people think of the UN mainly as a peacekeeping organization, and one of the justifications of existence is that it provides the kind of cyclone shelter which can be used in the last resort to ward off war, where people can talk perhaps instead of fighting. The UN charter, however, also gives a very important role to the UN in economic and social development. The work which the UN is doing in this area isn't so well known although a third of the budget goes to it, in fact, 90% if you count the whole UN family of organizations. The guidelines on consumer protection are related to this economic and social development side of UN work.

There are two reasons why the issue of consumer protection came to the UN seven years ago. First, developing countries are becoming more and more concerned about consumer protection. Second, consumer protection is now an international issue.

To take the first point first, in developing countries consumers simply don't have the kind of protection which one takes for granted here. Even compared with Britain I'm amazed at how good life is for consumers here. When I g0t up in the morning and clean my teeth I have clean water and I know I'm not going to get any kind of illness from it. I eat my All-Bran and I know that it is pure because on the package it states exactly what's in it and how much it weighs. If I see a roach in my kitchen I can spray it and know that I'm not going to catch any poison from the spray. If I have a cold I can go to the pharmacy and buy something which I know is going to be perfectly safe and not any have side effects. In many developing countries this really isn't the case. Because people there are poor and really less able to protect themselves I think that consumer protection is even more needed. In developing countries concern for consumer protection has evolved with industrialization just as it did in developed countries. In the developed world there was mass production together with advertising and sales methods persuading customers to buy products or to convince them that they need them. To counteract the imbalance between consumers who are on their own and large producing

organizations, the consumers organized themselves to gain a power base. After that, national governments began to introduce legislation to protect them. As you probably realize, in developing countries the situation for consumers is in a way worse because very often there are one or perhaps two companies who are selling particular products and services. There is no real competition as we have here and regulation really is needed.

The second reason why the issue of consumer protection has come to the UN is that it is an international issue which goes beyond national boundaries. This is because of the increasing interdependence of the world economy. As a result of the rapid increase in international trade and manufacturing and because marketing is often done on a multinational basis, consumers in different countries often face the same problems. The measures which are adopted to protect them in one country can very easily have implications for consumers in another country. This was recognized in Europe in 1972 when the heads of the EEC, the European Economic Community, declared their full support for strengthening and coordinating consumer protection throughout the Community. Then, in 1973, the Council of Europe adopted a consumer protection charter. While economic and social conditions in the developing countries are different from those in the developed ones, I think that most of the main consumer protection issues are the same.

I would like to tell you a bit about how the guidelines were prepared. Since I was very closely involved, it's something I'm very much interested in. In 1981 the Economic and Social Council, one of the policy making bodies of the United Nations, asked the Secretary General to present a report containing guidelines on consumer protection. First, the Secretariat, which is the place where I work, prepared a draft. We based our guidelines on the recommendations and decisions adopted by various international organizations, the World Health Organization for instance, and the Eurpean Economic Community. We sent this first draft to governments asking for the comments. Twenty-three governments replied, including the United States. Some of these governments simply said that they had no comments; they approved the draft. Others proposed a lot of changes. We then revised the guidelines quite drastically and issued them as a new document. These revised guidelines were presented to the Economic and Social Council in July of 1983. Country representatives then had an opportunity to comment on them in May and again in July of 1984. And now, the governments are discussing them at the General Assembly.

Next I would like to talk about the content of the guidelines. They are quite vague, some of them, and fairly difficult to describe. One thing I want to stress because there seems to be quite a bit of misunderstanding is that the guidelines are not a code. They're not binding on

governments; they're simply guidelines to help governments develop consumer policies and legislation in accordance with their own needs and their own priorities. They're basically broad statements which provide a framework and ideas for countries to use in making their own legislation. First of all, they cover two very basic things. One is physical safety; that means showing that products are safe. For example, lots of drugs need refrigeration and they are useless if they don't get it. Pencillin, for instance, if left out or not stored properly goes bad. Safety includes making sure that consumers know how products should be used. One of the problems with pesticides, for example, in developing countries is that people often use them without taking proper precautions and then they get hurt. The second main thing, in UN jargon, is protection of economic interests. That means, I think, making sure that you get what you pay for and make the most of your resources. One of the guidelines deals with quality control standards. There are practically no quality control standards in many developing countries. Concerning measures for consumer redress, for example, in the United States if the telephone company sends you a bill for $3,000 and it's wrong you can have it rectified. But in Venezuela one of my colleagues told me this not the case; you just have no way of getting your rights. Distribution facilities are something terribly important in developing countries. I think now in Ethiopia we see it with food not being brought to he people. Another aspect of distribution concerns critical drugs. It's often very difficult to get them to the rural areas in developing countries. Consumer education is needed to teach people their basic rights and how to buy wisely. This is something which is done in home economics classes in the United States.

There are specific guidelines in three key areas: food, pharmaceuticals, and water. In developing countries, 75 percent of income goes to food; it's really very basic. Water is also important. If any of you have been to Mexico and come back with "Montezuma's" revenge; you know how dangerous that can be. I should say that those are three guidelines the United States government would like to take out of the guidelines. Finally, the guidelines make proposals for international cooperation, for example, in exchanging information on unsafe pharmaceuticals and dangerous chemicals. This would allow governments to know what kind of regulations or bans other governments have put on certain pharmaceuticals so that, before importation, some research could be done and a decision made about whether they want them or not.

Finally, I would like to comment on a few issues related to the guidelines which I personally find very interesting. One is whether they could hurt international trade or serve as non-tariff barriers to trade. It is true that consumer protecion measures such as national standards intended to protect consumers in one country can become barriers to

international trade. If countries adopt homogeneous consumer protection measures and policies I think then they are much less likely to become barriers to trade. I understand that in the United States there used to be different labelling regulations in different states and this was quite a problem for marketing. When they were homogenized, it made it much easier.

Now there is the issue of self-regulation. One of the problems which the International Chamber of Commerce has had about the guidelines is that it appears there is not nearly enough emphasis on self-regulation, although it is in fact mentioned. I think that the International Organization of Consumers Unions doesn't agree with this.

There is another issue which is being discussed quite a bit. This is what some people see as a move toward international regulation by the UN. Somebody has called it "Creeping Global Socialism." It's apparently feared that the guidelines, if adopted, might lead to a "Big Brother" system of international regulation by the United Nations and might interfere with the operation of the free market system of capitalist economies. These views were expressed in a Senate hearing last May. In an article which appeared in the New York Times we were accused of trying to convert the UN into a "Consumer Cop." This article also suggested that the guidelines seemed to be like a blue print for essentially a planned economy. I think, however, that this is a real misunderstanding of what the guidelines are because they explicitly express the importance of business competition in providing consumers with the greatest range of choices.

It's true that the guidelines make frequent references to governments but, then, it is the governments which do the regulating in western countries, the FDA and EPA, for instance. The aim of the guidelines is to establish a better balance in the marketplace between consumers and producers, not to undermine producers but to assist consumers. That's what consumer protection programs in the developed countries are trying to do. Most governments in fact agree on the main tenants of consumer protection, principally that the product should be safe and of no less quality than it appears to be. Consumers are entitled to the information they need to make rational choices, the education necessary to that end, and redress for legitimate complaints. President Kennedy, I think, stated in 1962 that consumers had the right to choose, to safety, to be informed, and to be heard. There is some disagreement as to the scope of government intervention in the area of consumer protection and the role the private sector should play in protecting consumers.

I'll end by stressing one thing: the guidelines are not a code, they're simply guidelines and it will be up to individual governments to use them as they see fit. What they do is outline a basic set of principles which we hope

will assist countries in developing their own policies and legislation, and also encourage regional and international cooperation.

J. F. KERY

My remarks deal with a subject that, unfortunately, affects all of us in a negative way -- automative parts counterfeiting. With the economy in high gear, there are certainly other subjects which are more pleasant to discuss. This is an important subject because of the substantial growth in counterfeiting in the last five years and its eroding effects on legitimate companies. Besides putting workers in unemployment lines and severely hurting small and large businesses, counterfeit automotive parts rob consumers' pocketbooks and expose them to serious injury and even life-taking accidents. The vast majority of consumers want the real item and counterfeit products strike at the very integrity of the marketplace -- the relationship between honest seller and honest buyer.

In the automotive parts business, counterfeiting is a broad term that covers any form of deception designed to mislead consumers into believing the part they purchased was produced by the original equipment manufacturer or a reputable aftermarket manufacturer. The key to this deception lies in the fact that the counterfeit part or packaging closely resembles the "Real McCoy" and no attempt is made to identify its true source of manufacture. These should not be confused with the "No Brand" or "Generic Brands" found in the packaged food industry where consumers fully understand that they are not buying a brand product.

Let me digress for a moment on how we at Ford go to market. The Ford Parts and Service Division is responsible for the sale of Ford and Motorcraft branded products. This is performed by 29 district offices and 18 parts distribution centers throughout the U.S. We sell our Ford branded products, which we refer to as "Blue Box," exclusively to Ford and Lincoln-Mercury dealers and to Ford authorized remanufacturers. Our Ford line primarily consists of parts used for repairs but it also includes a full line of accessories. We sell Motorcraft products, or "Red Box," to our vehicle dealers and franchised Motorcraft distributors. Our Motorcraft products fit all makes of cars and trucks and are the typical, high volume maintenance type items such as spark plugs, filters, batteries, and motor oil. To give you some idea of our overall size, the Ford Parts and Service Division would be ranked among the top 200 firms in Fortune Magazine if it were an independent company. That's the end of our commercial - now back to our story.

Counterfeiting involves three distinct areas of misrepresentation:

- First, there is the exact copy or close facsimile of a genuine part with obvious intent to misrepresent its origin.

- Second, there is unauthorized use of a registered trademark on a part or packaging.

- Third, there is simulation of a trademark or packaging of genuine brand products.

These are all forms of misrepresentation designed to pass generally substandard products as the genuine article. An important clue to detecting a counterfeit part is the package itself, which is designed to closely resemble the original equipment package.

Counterfeit automotive products have been around for many years. In recent years, however, the prolonged recession caused many distributors who form the link between manufacturers and retailers to look for bargains. This economic development helped stimulate a major expansion among counterfeiters, many of whom operate in developing third world countries. No one knows the true value of counterfeit parts marketed or their impact on legitimate parts sales. In hearings held last year on this subject by the U.S. Congressional Subcommittee on Oversight and Investigations, the Automotive Parts and Accessories Association reported that annual sales losses by U.S. firms because of auto parts counterfeiting were estimated at $3 billion in the U.S. and $12 billion worldwide. The corresponding loss of U.S. jobs was estimated at 210,000. If these estimates are accurate, counterfeiters put out of work more people than are employed by Ford Motor Company.

Counterfeit automotive products also threaten the lives of consumers. Some people consider counterfeiting of t-shirts, jeans, or watches amusing but safety-related counterfeit automotive parts are no laughing matter. Counterfeit brake shoes are being marketed that are severely deficient in braking power and gas tank caps are being sold that the lack safety valves designed to prevent spillage in the event of an accident. Counterfeit fuses and lights may fail when you need them desperately. Inferior power steering belts and defective turn signals are also being marketed. There are no statistics on the number of accidents caused by bogus automotive parts. However, as the volume of these products continues to grow, an increasing number of injuries and fatalities will obviously result and the original equipment manufacturers will probably be blamed in most instances. While not all counterfeit auto parts threaten consumer lives, all such products do threaten legitimate manufacturers' and consumers' pocketbooks.

U.S. manufacturers produce high quality parts that are marketed around the world. Sales of shoddy counterfeits of those parts damage the reputation of the U.S. industry and reduce the ability of U.S. manufacturers to maintain or increase revenue and employment. Counterfeiters, in effect, exploit the capital investment of U.S. firms. Fake parts are

aimed at the most lucrative segments of the market and avoid the lower volume products that are less profitable. Consequently, U.S. firms are less likely to recover investments in research, development, and marketing. The result is reduced business and fewer jobs.

Because of the high visibility of the auto industry and the possible safety risks associated with counterfeit auto parts, there is an increasing ground swell of concern and publicity as a consequence of the growth in counterfeiting. Response in the U.S. to the blight of auto parts counterfeiting has been widespread. For example:

- Manufacturers of parts and their respective associations have established industrywide anticounterfeiting task forces to focus attention on the risks to public safety created by counterfeiting and to promote appropriate legislation.

- These task forces are also participating with the international anticounterfeiting coalition in their efforts to obtain remedial action.

- The U.S. Office of Consumer Affairs is developing an educational program to help consumers recognize counterfeit auto parts and encourage the reporting of counterfeits to the authorities. Virginia Knauer has given a number of speeches on the counterfeiting menace.

- Articles in national publications and numerous radio representatives are increasing public awareness of the problem.

- The Motor and Equipment Manufacturers Association recently announced it had joined with European counterparts in combatting the problem.

- Counterfeit automotive parts also were on display at the World's Fair in New Orleans.

Equally important, the combined efforts of the U.S. Government and industry have led to the adoption of serious penalties not only for those caught dealing in counterfeit goods in the U.S. but for those countries which are the source of fake merchandise unless prompt and effective measures are instituted by those countries to clean up the problem. For example, under U.S. Law, importers of products into the U.S. from "Developing Countries" are given duty-free treatment. While this law has been designed to assist underdeveloped countries develop their economies, greatest beneficiaries in recent years have been countries that harbor counterfeiters of U.S. products. Under the sponsorship of Representative Dingell, the American Property Rights Protection Act of 1984 was added recently to the duty-free

system. As adopted, the President can deny duty-free treatment from countries that permit or do not control counterfeiting.

In addition, a new federal "Trademark Counterfeiting Act of 1984" was just approved by the President that provides stiff criminal and civil penalties for counterfeiting violations. This new law would fine an individual up to $250,000 and impose a prison term of up to five years and would fine a corporation up to $1 million for counterfeiting offenses. Also, counterfeit goods could be seized and destroyed. This is a major step!

Taiwan is considered a major source of counterfeit auto parts. Other sources include Hong Kong, Korea, Brazil, Colombia, and Mexico. Government officials in those countries acknowledge the existence of underground activity but deny that legitimate manufacturers are blatantly engaged in product counterfeiting. Law enforcement agencies in those countries all too frequently see counterfeiting as a victimless crime and have done virtually nothing about the problem. Despite the passage of legislation in this country to protect against counterfeiting, the problem is expected to grow as third world countries further improve their industrial technologies.

Success in resolving the overseas counterfeiting problem, therefore, depends not on the American response, but on a commitment by foreign governments to curb counterfeiting and foreign industry to improve the quality of their parts and to develop their own brands and distribution instead of permitting local firms to capitalize on the brand names and goodwill of established manufacturers. Unfortunately, foreign governments have not been effective in their efforts to curb counterfeiting. For example, between January and October, 1983, a total of 2,492 cases of alleged counterfeiting of all types were reportedly received by the Taiwan government agency in charge of anticounterfeiting. Only 64 cases were referred to court for prosecution and, while the outcome of these cases is not known, most are believed to have received only token warnings. Because of the economic value of counterfeiting on employment and attracting foreign currency, Taiwan and other nations heavily involved in counterfeiting are not making any serious effort to correct the problem.

With all the attention being focused on foreign counterfeiters, we should not lose sight of the fact that considerable counterfeiting originates in this country. This underground activity is widespread and growing. Clearly, we need the assistance and cooperation of local law enforcement agencies to stamp out these operations under existing laws. The job will now be easier since legislation has been passed that makes counterfeiting a felony.

At Ford Motor Company, we are well aware that Ford and Motorcraft branded products are not isolated from counterfeiting activity (all auto manufacturers are victims) and we are working on the problem. In late 1983, we asked our field sales force to visually survey the parts inventories of dealerships as well as our franchised independent distributors and other jobbers and parts outlets.

Whenever counterfeit products were detected, one specimen of each part was purchased. Each part was tagged showing the date and place of purchase and, to the extent possible, the name and address of the supply source. The search was conducted over a two-month period and 250 specimens were obtained.

As a result of this initial effort, we began legal procedures early this year to take appropriate action against the U.S. supply sources of these products. So far we have been very successful in obtaining Federal District Court orders and following through with the seizure of counterfeit parts found in target warehouses. These confiscated goods have been used as evidence in court proceedings and so far we have won every case or else settled out of court. More importantly, we have been able to obtain a permanent injunction in every case that, if violated, would pose serious legal consequences to second-time offenders. We have hit operations in California, New York, Arizona, Minnesota, and Georgia, and our targets have ranged from very large companies to relatively small operators. Some deal exclusively with counterfeit products, while others co-mingled their counterfeit activity with their legitimate business. The key has been to move quickly on a wide front before word gets around and causes spurious operators to either change locations or to temporarily purge their inventories of counterfeit products.

As we mentioned at the beginning, this is not a pleasant subject. It is costly and time consuming to go after these unethical opertors but we have no alternative because of the damage that could be done to the reputation of our dealers, distributors, and Ford Motor Company. More importantly, we have an obligation to protect our customers from the potentially dangerous consequences of faulty products or the outrage that follows when a customer discovers he or she has been the victim of a rip-off transaction.

It is not my intention today to advocate what measures should be taken to address this problem. The ultimate solution lies, however, in convincing foreign governments where counterfeiting activity is widespread to bring the problem under control. We believe public awareness brought about by widespread publicity will do more than anything else to bring about needed remedies. When the problem is ignored counterfeiting flourishes. However, the practice of counterfeiting, if allowed to continue, will cause reactions

in major markets such as the U.S. and Europe that will deny Third World countries access to these lucrative markets. Continued growth in counterfeiting will also severely inhibit efforts of U.S. automotive manufacturers to build an image of high quality products. Either event could lead to detrimental consequences for international trade and our domestic economy. Anything you can do to encourage anticounterfeiting activity through your professional capacities will represent a service to the consumer, to the aftermarket industry, and the American economy.

Groups like this bring together a variety of experiences and I want to highlight one aspect of that. I work as a public interest attorney. A great deal of my work over the last 15 years has been in the consumer area. In addition, I am an academic, supervising law students and trying to write on the subject of consumer protection. When I went to Europe in 1980 to study consumer protection in the European Economic Community, I brought an unusual perspective because most people who look at that come from the strictly academic point of view. I went as kind of an American consumer activist to observe the whole system in Europe. I think, therefore, I can perhaps talk a little bit about what is going on there from this point of view.

A lot of the interest in what is going on in the European Economic Community has been confined to attorneys, bureaucrats, and a little bit to high powered businesses. There has been relatively little understanding of the significance of what is going on in European consumer protection by Americans like ourselves who teach at the consumer science level, who work at the local level, and who are perhaps advocates at the local, state or national level.

The first question is, "Why should we consumer organizations-representives-academics become knowledgeable about European consumer law and policies?" I'd start out by saying I think that we have a lot to learn from their experience, both successes and failures. I think it is interesting to note the heavy emphasis in this conference on the special responsibility to the developing countries; I believe that is very important. I think, on the other hand, there is also a very interesting ability to interchange with consumers who are like ourselves, consumers who are working in post-welfare state economies with strong mixed capitalist and government control, to see how they are handling the set of issues that we ourselves deal with everyday. I think this could help us in terms of learning for ourselves how we could better do our job. There is no better group to look at than the European consumer movement and consumer activities. By this I am referring exclusively to the Western European countries in the Economic Community and those who are not but who have very similar economic structures.

Somebody said to me last night, "Well, isn't it true that European consumer activities are five years behind the United States?" That used to be true. In fact, when I went over there in 1980 I expected kind of a transitional period. Initially, I was struck by that by the fact that they were still on a real high; they thought that they were going to have great successes. At that time, the American consumer movement was already moving into discouragement and disarray. I thought that these people are just five years behind and

I'll come back in five years and they'll be the way we are. That was not so. The difference is that in consumer activity at the European level, while it started later and was clearly motivated to some extent by American activities, their development is quite separate and it may turn out in the rest of this decade to be much more interesting than what we're doing in the United States. From the point of view of learning, it's certainly not a one way street at all.

A second reason for observing and learning what's going on there is the issue of trade. Significant trade goes on between the European countries and United States. We should be interested in what their consumer practices are, what kind of labelling goes on in Europe compared to here for the same product, generally, an interest in keeping track of what our businesses are doing there and vice versa in terms of the consumer relationship.

Lastly, and surely not least, there is a question of the unity of consumers. When you meet some of the European consumer leaders, bureaucrats, and activists you find them very inspirational. They seem to be, many of them in the consumer organizational area at least and to some extent at the bureaucrat level, very socially conscious, very concerned with world justice. Consumer movements in Europe, unlike the United States, are very closely linked to the experience of the Second World War. There is a tremendous commitment by these people not to let a war happen again, to destroy Europe as it was destroyed in the 1940's. There is a much more articulate level, more of a concept than among the American citizens about the relationship of our own activities to the world. The Europeans re extremely conscious of it. So there is a very great concern about the relationship between the activities that we do as consumers - world peace and world justice - in a rather sophisticated format.

Now that I have given you why you should be interested I am going to try to give you a short course. This is always a problem for me. I bet if I asked you to name the 11 nations in the Economic Community very few of you could do it and the one you would leave out for sure would be Ireland. It's very hard in an area like this, one about which we are very ignorant, and this very arcane subject of consumer law and policy in the Economic Community. I will attempt to give you enough so that you understand a little bit of the differences and similarities particularlly with the discussion of the UN guidelines. This is a very good context and the long amount of time that we have spent on it over these two days will help you understand where the EEC fits into this picture. Then I'll make some observations. There is a small body of literature but we are contributing a volume about consumer law and policy in the EEC; it will be out in six months though I do not know who will be the publisher.

The main interest among business and bureaucrats in Western Europe has been in what has happened in the EEC. The EEC is the European Economic Community; it used to be known in the old days as the Common Market. It is 11 nations and many of the big countries that you think are members are not, for example, Switzerland, Sweden and Norway. So not all the Western European nations which have very well developed consumer programs are in the EEC. They are adding a few; they just added Greece and may add Portugal and Spain.

The purpose of the Economic Community was to promote free trade and break down barriers to trade mong the member nations. It had an element of "United Europe" or creating one European nation state. As a result of that, it has a mixed concept legally and in terms of structure. It is what they call supranational, not international, and not national. It has elements of federalism. A certain amount of lawmaking authority has been given to the central body of the European Economic Community in the commission. Under the Treaty of Rome, which set up the EEC, there is the ability to make laws which supersede the laws of the member nations. In this way it is very distinct from the UN. The prime reason for doing so was to eliminate tariff and non-tariff barriers to trade but that opened it up both legally and politically for expansion into other areas.

In 1972, several pressures came together to create an effort to move the Community away from narrow commercial aspects to more humanist areas. One of them was in the consumer area and in 1972 they adopted a consumer program. This came about partly because the United Kingdom and Demark joined at that time and they had very active consumer programs. Also, it is related to the fact that as you move into a free trade area you do have a question of consumer protection laws, regulations and policies concerning non-tariff barriers to trade. Non-tariff barriers to trade would be, for instance, labelling. In the United States, if you had one label in Pennsylvania, a completely different label in Michigan, and a third label in California it would be very expensive for business to print three different kinds of mandatory labels. The United States would handle this primarily through the interstate commerce clause which says that these restrictions will violate interstate commerce. As you move in Western Europe to a free trade zone you are going to have these kind of conflicts. The pressure for developing a consumer policy at the Community level was the fact that as trade began to develop these kinds of issues developed. So they put out a consumer program in 1972, set up a directorate in charge of consumer protection, and began to look very active. There was much interest and concern within the business community and a good deal of excitement among some of the national consumer organizations. What happened? Well, it has only been 12 years or so but standard setting through the Community has been very successful. They put out hundreds of uniform labelling and uniform standards for goods

and it has worked quite well. The standards have the force of law; that is how "Euro bread" and "Euro milk" have been created so that there is uniform marketing. This aids the consumer.

European consumer organizations have been very supportive of the concept of a European market because there is more competition and with that more products at lower prices. So the consumer movement in Europe has been very supportive of free trade. I want to make that clear. They have been very supportive of free trade because they think it has helped them in the European Community and they are very supportive of it internationally. So there was no objection to the free trade aspect. They, however, wanted to and have moved the consumer program to something that is far more than promotion of free trade. What they adopted in 1972 was a positive consumer protection program. In fact, their program sounds very much like the UN guidelines. The EEC got down to some specifics. Since they have the authority to put out specific regulations which have the force of law, the rules had some significance. The ECC started out with a very ambitious program. They included door-to-door selling, product liability, unfair contract terms, fair auto sales, travel packages, a whole laundry list of all the wonderful consumer protection reforms which we would ever want.

They were naive because they didn't understand several things. First of all, they didn't understand federalism. Those of us who live in a federalist country like we do understand federalism intuitively. They had no understanding of the importance of state-based consumer protection which all of us in Mid America know very well. Well, in Europe, the consumer activists didn't understand. They thought it was so hard to get it through the national level that they would use the EEC and all problems will be solved. They didn't understand that not only couldn't they get it through, they haven't been able to get it through. Even if they had it would have created a tremendous amount of issues and might have turned out much worse in some areas by having central regulations rather than at the national level.

They were naive about the way it works at the EEC, that the control is the Council of Ministers and they need an unanimous vote to approve anything. Each head of government was being lobbied by each of their businesses. For example, in door-to-door sales there is a German company that does a great deal of business. Theirs was the only group interested in that directive and they told the German government "no way." The German government said "no way" and so they blocked it all of these years. The same pressures exist at the national level and those influence the Council. There is a parliament that is directly elected by the people. The Parliament is interested in consumer protection but it can't put anything out because the control is all in the Council of Ministers. The Council of Ministers is pressured by the same

set of interests that prevent consumer protection from getting out at the national level. So,in a nut shell, that is where it is. The tide has turned with recession, deregulation movements and so on. Right now everything is in kind of a stand-off, discouraged state about what's going to happen. Nonetheless, there is much going on in terms of people thinking and writing about consumer protection.

Let me make some observations about the current scene. One thing that I would like to see is greater exchange between the people who work in these areas in Europe with you, their counterparts in the United States. When I came back from Europe in the spring of 1980 I was very enthusiastic. I brought with me a representative of one consumer organization and spoke at the Consumer Federation of America meeting. There was tremendous interest and we thought about trying to get some kind of joint meeting. It got nowhere, since no one had any money. Nevertheless, some of you may know people there, outstanding interesting people and I do think we should aim to have more interchange.

Most of the action in Europe is at the national level because the EEC level turned out to be somewhat of a dream. Most of the consumer protection action, 95 percent, is at the national level. There is a journal produced by the legal academics called the Journal of Consumer Policy. It is very interesting, and they get money from the EEC to help put this out. There are many people active in the International Organization of Consumers Unions and we get to see the people through that organization. They do not have the same kind of development in home economics and consumer science fields. They are traditional in the disciplines but people who are in the legal field are excellent. Certainly it's worth bringing some of these people to talk about what's going on in their countries.

Another thing that we should examine is the European example. When you have a specific problem in your state don't look only at the United States. The Nordic model is fantastically successful. One of the things that encouraged me when I went to Europe was to see that the Nordic model has not spread beyond Scandinavia to Europe. Since we have been unable to move that model to the United States, it made me feel better. There must be something in the Scandinavian water or whatever but they got their consumer program off the ground. You can't do it in Germany, you can't do it in France and you can't do it in the UK but it is really worth studying. I think when you meet the people who run it in Scandinavia you see why it works there and why our initiatives have not been successful. I think we should think about that as one example.

One of the newest areas that they're working on is what they call Soft Law. What they are referring to as Soft Law is what in the United States we call Alternative Dispute

Resolution. This deals with how can we find alternative ways of resolving some of these consumer problems outside traditional, regulated government agency approaches. I want to make clear that the people who are studying and working in this area believe in regulation. What they are talking about are new approaches, techniques, and methods of dealing with consumer problems "in the shadow of regulation". And example of this is the negotiated contract which was tried briefly in France and then it seemed to have folded. This was where consumer groups negotiated with management on model contracts, for example, that would accompany the warranty rather than through an FTC regulation.

This focus on Europe is quite important. The Europeans are active in thinking and writing on consumer issues and we should follow up on it.

Lifestyles in most developed nations are bound up in the consumer society of a market economy. For most of us living in them, the consumer society has replaced the satisfaction of being with the satisfaction of getting. Our consumption levels are often a symbol of who we are, and when our standard of living is measured by consumption levels, it seems to follow that the more we consume, the better off we must be. Arthur Gish described our seeming infatuation with consumption in this way: "We buy things we don't want to impress people we don't like".

Highly consumptive lifestyles, dependent on items that are energy-ineffeicient, nonbiodegradeable, and/or non-essential, have earned us, as well as other affluent nations, the title of "throw-away society". Because mass consumption lifestyles in affluent nations require a disproportionate share of the world's resources, they impact heavily on issues of equitable resource allocation and global justice, as well as on national and international security. Our growing recognition of global interdependency raises some questions regarding the continuing feasibility of lifestyles and policies that make pursuit of narrow self-interest the first priority. Is it all right to waste resources if we have the money to buy them? Does the ability to purchase something give you the right to consume it? And if so, does it then follow that those with more money have more rights? Environmental and social factors, as well as limits on the human capacity to manage growth, may well be forcing us towards new standards and lifestyles in which acquisitiveness is not the supreme goal.

Global dynamics affect all aspects of our lives--from the prices we pay or receive for commodities, to environmental quality, to rates of inflation and unemployment. Nevertheless, most consumers have a limited understanding of how their individual choices influence the international economic system and how, in turn, a global economy affects their personal lives. If consumers seldom make consumption decisions from a global perspective, it is most likely because they typically do not identify themselves as global or planetary citizens and therefore perceive no immediate need for personal response.

Effective consumer education which incorporates a global perspective must help individuals and families to see what global interdependence means to their own personal well-being. It should also help them see how their individual actions, when incorporated with those of others, affect the welfare of other flesh-and-blood human beings. If we are to help people recognize the interconnectedness of their individual actions in a personal way, those social institutions which help shape individual and family values

and lifestyles must be involved in the educational process. In short, to teach consumer decision-making from a global perspective we must take a comprehensive, ecosystems approach.

Consumer Education--Its Background and Purpose

Consumer education belongs to no single discipline. Within our formal education system, consumer education has historically been something of an academic stepchild of home economics, economics, marketing and vocational courses. For this reason, its purposes have often been blurred or obsured as it served as an all-purpose vehicle for conveying whatever learnings were thought most salient at the time. Under the umbrella term "consumer education" we can find subject matters as diverse as financial management and environmental protection.

The primary focus of consumer education has been on the individual and the household with the major emphasis on optimal consumer decisions at the individual level. Often the curriculum has been limited to buying and redress skills, with emphasis on getting the most for the money without too much consideration of whether the good was worth having in the first place. External or social costs associated with consumption have typically been touched on only briefly if not ignored altogether. Seldom have the purposes of consumer education reached beyond the scope of the individual to look at individual decisions in a societal or global context. As consumer education evolves and matures, however, its purposes must be more clearly defined in terms of relevance to our changing global economy and ecological constraints. Its perspective must broaden to include a global awareness, not only in an economic sense, but in a socio/cultural sense as well.

During the 1960's, the consumer movement was primarily concerned with firmly establishing the four consumer rights enunciated during the Kennedy administration: the rights to safety, information, choice, and redress. During the 1970's, however, the conception of what constitutes a consumer issue was dramatically expanded to consider the consumer in several roles--from those of national citizen and taxpayer to that of involuntary consumer (that is, of pollution) as well as planetary citizen. This set the stage for the 1980's and beyond in which a somewhat quieter, yet still active consumer movement based on participatory consumerism can prevail. In such a climate, consumer responsibility receives as much, if not more emphasis, as consumer protecion. Our educational efforts, then, should prepare our consumer citizenry to make responsible choices that can have positive implications for a sustainable global society.

In the 1980 report on the Consumer Education Development Program at the Michigan Consumer Education Center, consumer education was defined as "the study of the knowledge and skills needed by individuals and groups in managing consumer resources and taking action as citizens to influence the factors which affect consumer decisions". Consumer decision-making is a major core concept in the field of consumer education, and because of its important role in resource allocation, it is of primary concern to consumer educators and policymakers. Consumer decisions tend to be very value-laden. The the extent that values and desires are in conflict in consumer decisions, consumer decision-making may even take on a dimension of ethical decision-making. And from the viewpoint of the consumer as a planetary citizen, consumer decisions that may have little direct impact on the individual making the decision often involve moral issues concerning the well-being of other people or other living creatures. It is therefore important to examine where and how values are formed and influenced before we proceed to look at teaching strategies.

The Family as Educator and Consumer

Throughout time and in all societies, the family, in all its various forms, has served as a central educational, economic, social, and decision-making unit. Because the family makes decisions about relationships and about the allocation of all kinds of resources, the role of the family in making decisions that have far-reaching implications is obvious. Through daily experiences, family members learn practices that relate to resource use. They are also motivated by a wide range of values to strive for goals which require for their fulfillment access to, and control over, various forms and amounts of resources. As we attempt to teach consumer decison-making skills from a global and ecological perspective, it is therefore important to look first at the family in its roles as educator and consumer as well as in the roles of conserver/producer. We can then more effectively explore the roles and challenges for those social institutions which directly impact on educating the family toward globally-responsible lifestyles.

Values and attitudes are shaped through the affective learning process which concentrates on individuality and socialization, and it is in each family's "household school" that a major portion of this affective learning takes place. Every family has a household school in which each family member is both teacher and learner. Two of the major functions of the household school include value formation and behavioral patterning. Certainly, other social institutions, including our formal education system, our religious organizations, peers, and the marketplace, impact heavily on value formation. Nevertheless, to the extent that values are "caught" rather than "taught", it is perhaps most

accurate to consider the family as the major mediator of values.

Not only does the family function as the major educational institution, but over the past 50 or so years, we have seen the American home transformed from a center of production to a major center of consumption. When we examine contemporary economic theory and terminology, we find that the term "consumer" is often used synonymously with the terms "household" or "family". This may, in fact, be appropriate, since approximately two-thirds of all goods and services produced in this country are ultimately consumed by the household sector. Needless to say, family and household consumption behavior has profound impact on our environment as well as on the economy and the marketplace.

For the last decade, however, we have been experiencing pressures of dwindling resources and changing values and priorities. As we find it increasingly difficult to meet both individual and social commitments made during a more affluent past, throw-away conspicuous consumption seems far less viable for family functioning in the future. We now are seeing a need to expand our limited concept of the family as consumer to include the roles of the family as conserver of resources and producer of human capital, as well.

Educational Challenges

The opportunity to influence lifestyles that will foster global well-being carries with it tremendous responsibility, and we are obligated to ensure that the things we are teaching contribute more to the solutions than to the problems themselves. In the past, many educators and other professionals (including home economists) have been so concerned with developing and promoting the technological, social, and economic innovations which have enhanced our quality of life, that we may have inadvertently contributed to the depletion of valuable resources at another level. The unprecedented growth in productivity and affluence we experienced in the two decades following the Second World War increased our expectations for a future in which our technology could give us more of everything. Our preoccupation with the short-term costs and benefits of innovations has often prevented us from looking beyond to analyze the total affect these innovations have had on our lives. It is now evident that we must reassess our relationships to our environment in terms of the resource constraints we previously have ignored.

Economics cannot provide the whole picture for consumer education, but a consumer education program that does not require a basic economic understanding is also inadequate. However, while the "invisible hand" may have sufficed to explain market behavior in a time of abundance, it is perhaps

time we move past our preoccupation with narrow self-interest to what I like to think of as "enlightened self-interest" which recognizes the long-term survival benefits of considering social consequences in consumer decisions.

Home economists, because of their focus on families and individual development, are in a unique position to influence the development of globally responsible lifestyles. We deal in the matter of families--with the basic elements of world problems--on a daily basis, in very practical ways, at the local level. In fact, one of the predominant characteristics of home economics has historically been a very pragmatic approach to problems and issues.

Viewing the family from an ecosystems perspective may give us the most appropriate vantage point from which to base our educational efforts. Seeing the family as an interdependent life support system may give us the perspective we need to effectively examine the inputs and outputs of the household in terms of global impacts. Teaching strategies which stress the home as part of the natural biological system can build on the students' exposure to the concept of ecosystems in science courses. And through experiential activities, students can expand their view of family by looking beyond themselves and their immediate families to think about their roles in the family of humankind.

For home economics classroom teachers, the unit related to the foods subsystem offers perhaps the greatest opportunity to help students explore global impacts of consumption. In addition to nutrition and dietary habits, as well as food selection and preparation, this can be a time to examine the environmental and social effects of food production, distribution and disposal. A good follow-up to a foods lab might be to let students analyze the garbage generated during the lab, particularly the packaging materials involved. What environmental effects do they have after they are discarded by the consumer? What is biodegradable? What could have been recycled? Students can suggest alternative consumer behaviors which could have reduced the amount of trash generated and discuss the role consumers play in creating demands and markets for goods that are detrimental to the environment. This could then be a logical lead-in to discussion of the home care subsystem and consumer demand for toxic chemicals which create disposal problems. Included in this unit could also be discussion of the use of small appliances for home and personal care, and the indirect energy required for their production, distribution, and ultimate disposal. How much of this is energy from nonrenewable sources?

Another example is to look at the clothing subsystem, where the environmental effects of clothing consumption habits are examined. By exploring what is meant by a

garment's being "worn out", students can come to see themselves as just one of many users in the life of a garment and can identify mechanisms for keeping garments in circulation. Students can discuss how much clothing they need, and who determines those needs. How much of consumer demands are "manufactured needs"--that is, to what extent does advertising induce consumers into wanting things they may not need? Political implications related to such factors as worker exploitation can be explored in discussions about the origin of clothing and other consumer goods. Interwoven through all of these discussions should be a process of values clarification--of disengaging needs from wants--so that students can be prepared to analyze trade-offs, question assumptions, and challenge claims as well as economic and political presuppositions.

Discussions of family economics and financial mangement offer the opportunity to help students distinguish between the concepts of "level of living" and "standard of living" and allow for identification of factors which influence the formation of an individual's "standard". And in a time when the prevalent political and economic climate is returning social responsibility to the private sector, the concept of social investing also becomes extremely relevant to the discussion of decision-making related to family financial management. Making students aware that investment decisions which consider the social consequences, quality of work, and moral intent of corporate activity in addition to economic standards represents another way of illustrating consumer responsibility and suggests a way that consumers can actively participate in insuring corporate responsibility within the marketplace while reducing the need for government regulation.

Fostering a "think for yourself" attitude also contributes to the students' moral development. Developmental psychologist Lawrence Kohlberg describes the third and highest level of morality as Morality of Self-Accepted Moral Principles in which the individual acts out of his/her own beliefs regardless of what authority says. Experiential activities such as the "Fast to Feast" simulation reported in the November/December, 1983, issue of Illinois Teacher of Home Economics give students the opportunity to make decisions reflecting their moral attitudes toward resource use in meeting human needs. The exercise, which was carried out as a joint learning experience between the Home Economics Department and the Social Justice class at Cedar Catholic High School in Hartington, Nebraska, introduced the students to the relationship between social justice and global hunger and helped them see how their consumption patterns and lifestyles affect others. Similar exercises which bring the issues home to students have been developed for inclusion in various curricula, and are available from such resources as the

Center for Teaching International Relations at the University of Denver and Global Perspectives in Education, Inc.

While such curricula are innovative and designed to help our citizenry make responsible decisions for the future, Ivan Illich reminds us that there is also a "hidden curriculum" reflected in the design of our schools and offices, in the lifestyles of the staff, and in the ways in which teachers relate to their students. This "hidden curriculum" seems to have more influence on the learner than the overt curriculum has. What is our "hidden curriculum" teaching our students or clientele?

The question arises as to the role of guilt in our consumption decisions, and the extent to which guilt is fostered in teaching consumer decision-making from a global perspective. Certainly, guilt may be one of the first responses students have as they become more aware of their complicity in world problems which are related to consumption patterns. But instilling guilt should not be our aim. Guilt tends to immobilize people and prevents them from making positive responses to situations. Therefore, our efforts should be geared toward making people more consciously aware of their actions and the resulting global impacts, but then should lead students beyond feelings of guilt to identification of positive measures that contribute to a sustainable future.

Classroom situations do not present the only opportunities for teaching consumer decision-making. Certainly, consumer decision-making should be considerd an integral part of life-long learning. The Cooperative Extension Service and other educational agencies of state and federal governments are involved in consumer education with both youth and adult programs. Involvement includes providing to the public research-based consumer information related to products or services as well as more in-depth educational programming in which a process of knowledge and development results from the teaching. Although such organizations typically are not involved in consumer advocacy and may therefore deem it inappropriate to address the moral or political aspects of some consumer issues, such agencies can promote an ecological ethic by providing some skills-oriented programming which promotes increased self-reliance. Without overtly acknowledging a global perspective in their teaching, such agencies have often promoted global sustainability through their involvement in teaching resource conservation and home producion to families and other clientele. For example, county Extension horticulture programs have often been the source of information and assistance for community garden initiatives, and the county Extension home economics agent has historically been the prominent community resource for information on home food preservation and safety through most of this century. International youth exchange opportunities conducted through

the 4-H program also give young people insight into the realities of different cultures and let them observe world problems from a very personal perspective.

Moral and Political Aspects of Consumer Decision-making

For those of us who are "consumer educators", it is important to remember that we do not do it alone. Many others also contribute to the total economic, social, and political understanding of our citizenry. Moral and political aspects of consumer decision-making may best be addressed by institutions which have primary involvement in shaping individual moral and socail values and attitudes--our religious and public interest groups, to name but two. Lester Brown points out that in their role as the source and custodian of values, religious organizations should be centrally involved in the transition to a sustainable society. Yet Tom Sine contends that although the secular consumer ethic tends to be inconsistent with the value base of most religions, the life goals and values of the secular agenda have penetrated the beliefs and values of most religions more than most adherents would like to admint. In his book, The Mustard Seed Conspiracy, he explains the role a dualistic theology plays in sending a mixed message to the world--on the one hand preaching a totally nomaterialistic future with the Creator while at the same time encouraging adherents to pursue a materialistic future in this life. This is not to say that none of our religious organizations are addressing issues of social responsibility on an individual level--many are, very successfully. Many church groups have been involved in the consumer movement by opposing the distributin of infant formula in developing countries and the dumping in the export market of goods deemed unfit for consumption by Americans. The Mennonites and Quakers, among others, have historically stressed the relationship of individual lifestyles to responsibilty for others and stewardship of the earth. The Interfaith Center on Corporate Responsibility is a good example of a religious organization allied with the consumer movement to work on social justice issues within the marketplace. And the growing evidence of a new movement of lay activism forming across denominational lines, often at local levels, seems to indicate there is an expanding group of lay people who are very serious about making a difference in the world. Yet as long as many contemporary religious organizations continue to separate the physical dimensions of life--those involving personal lifestyle decisions, economics, politics, and social action--from the spiritual dimension (narrowly defined as evangelism, worship, and devotional life), then their effectiveness in shaping moral values consistent with a sustainable future for all the world's people will be limited.

Lester Brown has called local and global public interest groups "the engine driving the process of social change". These nongovernmental organizations represent what Hazel Henderson calls "societal learning--mass, spontaneous adult education efforts among the general population". Originally organized around tangible environmental social costs such as air and water pollution or consumer concerns such as corporate accountability, these citizen movements offer one of the greatest potentials for expanding citizen awareness of interdependencies. These grassroots revolutions may well be examples of participatory consumerism at its best. The very involvement of their memberships indicates responsibility for, rather than alienation from, social issues. And the social solutions they represent may be a remedy for what Novic and Sandman call "the syndrome of well-informed futility" which exists when heavy readers of environmental, consumer, and/or social problems become too overwhelmed by the problems to respond with personal solutions.

Such movements also contribute to the "hidden agenda" of consumer education--improvement of the production and delivery system itself. The organization of consumer food cooperatives and community legal and medical service groups are examples of consumers developing production and delivery systems where basic consumer needs were not being met within the established system. Such grassroots groups can influence their neighbors in ways strucured education cannot because they provide examples of individuals adopting Gordon Feller's "as if" technique--that is, people willing to experiment with new ways of living and operating, acting as if their actions were simultaneously being multiplied by thousands of other people. Linkages of responsible, involved citizens who are willing to help others learn through experience can have profound effects on promoting global awareness and responsibilty in others.

Reciprocity--Learning From the World Community

Our nation is rich in natural resources and technology, and we have much to offer in terms of helping other cultures develop satisfying lifestyles. We also have much to gain from other cultures which could make our own lifestyles more satisfying. Yet most Americans seem to have a hard time assuming the role of learner from the world community, and if we devalue what other cultures have to teach us, we cheat ourselves as much as those who are willing to share their experiences with us. It is time we recognize that perhaps because of the scarcity of resources available to them, many cultures have been forced to devise more efficient ways of managing their resources than we, in our abundance, have had to do. Recent waves of immigrants offer opportunities for exposure to global diversity, and emphasize the need for educators to cultivate a positive dialogue between students in classroom or adult education settings. We must be

prepared to exercise reciprocity in our cross-cultural exchanges, whether they be with people of another country or among different ethnic groups from within our own country. Developing such openness to diversity may help us adjust our lifestyles to be more compatable with global sustainability.

Values in Transition

We are living through a time in which our values and institutions are being tested as to their relevence for the future. It is a time of transition, and a time for some muddling as we seek to work through solutions to problems of resource allocation in light of global interdependencies. If one of our goals as consumer educators is to help motivate people to make lifestyle changes which will move us toward a more fruitful and just use of our planet's resources, we must recognize that consumer education is "the culminaton of the totality of the educational process," as Gwen Bymers puts it--that many different disciplines and institutions are involved in influencing values and education for responsible decision-making. Introducing a global perspective into a field that has previously concentrated on the individual brings in even more areas of knowledge and influence to bear, and no one area can do an adequate job of helping individuals and families make responsible consumption decisions for the future. A comprehensive approach to teaching consumer decision-making, then, is one which recognizes the important contribution each element in the educational process plays toward that ultimate goal, and develops linkages to support the fulfillment of that goal. Through our effors and thoe of others working for the same goal, we can promote the global awwareness that individual self-interest seen in a large enough context is the same as self-interest for the human species.

The questions remain: "Will it matter? How will our globally conscious decision-making impact Third World citizens? Won't simplifying our lifestyles hurt our economy?' Granted, our consumer behaviors are not solely responsible for the plight and inequities of the world's poor. Limitations of land as well as some of the customs and culture of the Third World contribute to the poverty. And political systems and economic elites in developing countries often exploit their own people. Nevertheless, we cannot deny that the lifestyles of the planetary rich have required an unfair portion of the world's resources. Simplifying our lifestyles and expectations from material abundance to material sufficiency can contribute to a reduction in the proportion of resources needed to fuel our society. Though this is still no guarantee that the people who need the resources will receive them, it is a step toward that goal, and one which individuals can take.

As to whether simplified lifestyles will hurt our economy, that depends on several factors--for instance, the proportion of the population that actually simplifies its lifestyle voluntarily at any given time, the extent to which it does, and the extent to which businesses and corporations recognize the socially conscious consumer as a viable market for the future. While simplifed lifestyles imply consuming quantitatively less, the emphasis does not mean strictly enforced austerity--doing without material goods. Rather, material simplicity is manifest more in consumption styles that are aesthetic rather than ascetic, which emphasize high-quality, durable, environmentally sound and aesthetically enduring products. While such consumptin demands may have adverse effects on some of the products which now fit into the conspicuous consumption market, businesses that view globally and socially conscious consumers as an opportunity rather than a threat may find this segment to be one of the fastest growing consumer markets for the coming decades. Such lifestyles and consumption patters should, over time, provide excellent markets for products that are functional, healthful, nonpolluting, energy-efficient, made from renewable resources, and which are durable, easily repaired and recyclable. And because such products often are produced through simple technology, such demand can also contribute to employment.

Changing individual values and lifestyles is a time-consuming process, and we are naive if we expect to see results from our efforts in a short time. For many, it will involve unlearning beliefs and habits held dear, and the process for some will be painful. But such an evolutionary process for change is preferable and far less disruptive to human beings than abrupt, wide-scale economic or political changes resulting from resource depletion, war, or environmental disaster. And as we promote a more conscious awareness of the profound connectedness of our actions, we can help our citizenry begin to move from an "us and them" approach to problems of global scope to a "we together" approach.

NANCY HAWKINS

The Economic and Social Council Report to the Secretary General on Consumer Protection, the Draft Guidelines, contain both general principles and consumer protection objectives, including physical safety, economic interests, information, consumer education, redress, and freedom to form consumer groups. The infrastructure for public bodies to implement and monitor consumer protection policies for all sectors of the population, particularly in developing countries, must be assessed in relation to local conditions of existing production, distribution and consumption patterns of the region concerned. Transnational corporations should conform to national and international standards of consumer protection, including pertinent United Nations instruments.

The fifteen page outline of the Draft Guidelines for Consumer Protection was given general distribution on 27 May 1983 as document number E/1983/71, item 19 of the provisional agenda of the Economic and Social Council. A note verbale with the Guidelines for Consumer Protection attached was sent to Governments on September 17, 1982 asking for comments. As of April 1983 replies were received from twenty-three developed and developing countries representing all continents. A clear majority of the countries supported the draft without comments or supported the draft while adding comments which mainly seek to develop specific topics furthur and make the guidelines more effective.

The United States found aspects of the guidelines unacceptable. Though specific objections were not available, an article in the New York Times of June 26, 1982 by Murray Weidenbaum, the Chairman of President Reagan's Council of Economic Advisors until September 1982, called the UN Consumer Guidelines the UN's bid to play "consumer cop." He took exception to them on the basis that the guidelines' objectives would be to curb business practices at the national and international levels and he was concerned about who would define abusive business practices. He said, " They had the makings of a blueprint for a more centrally directed society than now exists in any market-oriented economy." In a letter of reply on June 5th, the UN Assistant Secretary General for Program Planning and Coordination, Peter Hansen, cited the above article as a misconception which could lead to confusion about the role of the United Nations. Hansen went to say that "besides peacekeeping, the Charter commits the United Nations to international economic, social, cultural or humanitarian" activities. In references to the planned economy statement, he replied that it "ignores the fact that the guidelines refer to the role business competition can play in providing consumers with the greatest range of choice among products and services at the lowest cost. Protecting consumers, irrespective of what economic

system they happen to live in is the sole goal of the draft guidelines".

Misconceptions about the functions of the United Nations are often due to the assumption that the UN is a form of world government when it is an organization of governments. The Economic and Social Council would be responsible for the dissemination of the guidelines to the countries of the world when adopted. It would be for the individual states to implement them according to their own priorities and needs.

At the UN Economic and Social Council meeting in July the United States proposed among other deletions and changes that food, water and pharmaceuticals be dropped from the UN Consumer Protection Guidelines. United States citizens are protected from contaminated food, water and untested pharmaceuticals by statute and the regulatory powers of the Food and Drug Administration gained by years of hard-fought legislation and court litigation. The International Organization of Consumers Unions finds the United States position on the guidelines lacking in comprehension of world needs. The reasoning is that the World Health Organization and the Food and Agricultural Organization are adequate proections. These organizations, admirable as they are, cannot work within countries because they lack sovereignty. Should a country adopt guidelines it would have internal power to effect the provisions and to protect its citizens from unsafe business practices, dangerous chemicals, contaminated foods and water. Some examples of these dangers can be cited.

Powered milk, safe in the US, was sold in the third world countries without consumer education and advertised as better than mother's milk (until stopped by consumer action). It was mixed with contaminated water and infants died; to make it go furthur it was diluted and infants starved. Thalidomide, a tranquilizer, was sold abroad and bought by pregnant American women. The drug affected the growing fetus and resulted in deformed babies. In England an arthritis drug was removed from the market: a side effect caused a number of deaths.

The United States also stated that it was not true that the UN should address this issue. The Preamble to the Charter is clear. In the fourth determination it states, "To promote social programs and better standards of life in larger freedom;" further, the Preamble states "to employ international machinery for the promotion of the economic and social advancement of peoples". The Purpose of the United Nations includes the goals, "to cooperate internationally in solving economic, social, cultural and humanitarian problems".

Consumer protection issues were first introduced into a United Nations document in 1969. A resolution by Barbados,

Guyana and Jamaica inserted the words, "and education and protection of the consumer" into the Draft Declaration on Social Progress and Development; the words were later included in the Draft of the International Declaration on Human Rights. Those words were dropped from the Declaration. The reason given was that "we took out all the specifics". In effect, the International Declaration on Human Rights had consumer protection and education deleted.

The United States position is that it would prefer a general statement on consumer issues. US policy is to remove from the Guidelines on Consumer Protection the goal-oriented specifics. A US spokeman said before the Subcommittee on Human Rights and International Affairs that, "most agree that it is nearly impossible to address the consumer concerns of developed and developing countries, unless done in very goal-oriented terms." Specifics focus on action. General statements ring with purpose but accomplish little.

The objective of consumer protection is to protect people from harmful substances over which they have no control other than government regulation or legislation. World consumers need action now. Adoption of the International Guidelines on Consumer Protection will provide a first step toward worldwide consumer protection.

FRED GOLDBERG

The world is essentially a wonderful place, and thinking as a global consumer has become a recent concern of mine. In 1981-1982 I was working as General Counsel at the District of Columbia Office of Consumer Protection. After working in the White House Consumer Affairs Office, I noticed that my view of consumerism and consumer protection had become quite narrow, having to deal on a day-to-day basis with such problems as home improvements contract fraud, door-to-door sales, health spa contracts, etc. In the cosmos of the world those kinds of complaints seemed rather like minute parts of a much bigger piece.

When I left my job and took a four and half month trip around the world it was the best thing I'd ever done. My horizons started to broaden once again. One thing I did when I was in Japan was meet with Intero Kidagara. If you ever have the opportunity to see his name on a program you should make every effort to hear him. He is an incredibly interesting man. He is the Chairman of the Advisory Committee on Consumer Affairs in the Department of Trade and Commerce in Japan. He also chairs the advisory committee of the Kyoto Consumer Center. The Consumer Center in Kyoto is the functional equivalent of the District of Columbia Office of Consumer Protection. We enjoyed a free flowing conversation for about four hours. I said to him,"Tell me. What are the biggest problems in Japan? As I walk around, I see that people are polite and respectful of each other. I am interested to know what kind of consumer problems you have here". He said the biggest problems are home improvement contracts, door-to-door sales and membership clubs. I said, "Great, I'm glad I traveled halfway around the world to learn this."

The real lesson that I learned about the world as a global economy happened just a few weeks later when I was lucky enough to be in the Kingdom of Nepal, a small beautiful country between India and China. I was in Katmandu. You can stay in Katmandu for about $5 a night and have a wonderful time. You can eat for about $2 a day and think you are in heaven. You are probably pretty close with the mountains right there. It is gorgeous. I took an eight hour bus ride, sitting on top of the bus because that was probably the safest place. I traveled to Proca, the second largest city, stayed over night and started a three week trek around the Himalayas. I hiked every day for about 6-10 hours. That was all I did. I would get up and hike through the mountains. You hike up about 10,000 feet above sea level and you go back down in the valleys. You do this every day for about three weeks. You lose a lot of weight and you start to feel real healthy. The only thing there is to eat is rice and beans cooked in a variety of ways. You have an option of drinks. You can have either tea or you can have

Coca-Cola. In fact, as you walk, 10,000-12,000-17,000 feet above sea level, little fellows are cruising by you barefoot carrying four cases of Coca-Cola on their backs. One wonders how they do it and then one wonders why they do it.

Coca-Cola as become such a staple in the world that Coke and McDonald's are probably the two most famous exports we have. Certainly, I don't think they are two of our best products but a lot of consumer would probably disagree with me on that. The world is quickly becoming,if it hasn't already done so, merely one single market place for products and goods. Goods are going to be manufactured wherever they can be made cheapest and sold whereever they can be sold at a profit. National boundaries are no longer very significant. There will be fewer political boundaries as economic boundaries begin to disappear.

The quickness, reliability, low cost, and accuracy of incredible communications technology translates into an ability for multinational conglomerates to make multi-billion dollar decisions impacting on consumers at the drop of an electronic impulse. The response to this massive, staggering power to create markets and sell products, ideas, and services in a global economy is becoming clear. The consumer movement that arose in America was in response to a sense that we as people were placed on earth for a more lofty purpose than merely lining our own pockets or leaving behind large estates when our time on this planet is past. That desire to organize for the purpose of respecting life, dignity and well being of our neighbors has to be extended to concerns for a larger,a broader neighborhood, namely the global community.

I used to think that consumerism and consumer protection were essentially luxuries of developed nations, that the political and economic movement had only emerged in nations whose citizens have gone beyond the everyday preoccupation with survival. I know now that I was wrong. The pressures and occurances in the marketplace while America was emerging in this century are the same pressures now facing developing countries all over the world. Their response is not at all different. America's consumer movement has evolved into areas of specialization, tracking the development of threatening technological advances in communications, the biological and physical sciences. It began in response to marketplace abuses by powerful elements organized around greed power with the conscience of a duck. America's consumer movement had its roots in response to the robber barons. sweat shops, meatpacking plants, dangerous improperly tested pesticides and drugs, commercial overcharging, and economic abuse.

Developing countries are now undergoing these same problems and the pattern of an emerging consumer movement is repeating itself. There have been many consumer groups and

activist organizations springing up in Latin American and in Asia. Brazil, Mexico, Malaysia, and Thailand are just few examples of countries in which there is increasing consumer participation on both economic and political levels. They are responding to increased competition for consumer markets by multinationals who are anxious to sell products that have reached saturated status in developed nations. Products like televisions, radios, tape recorders, drugs, furniture, and power tools are now readily available in third world markets as prices have been driven lower in America and Europe.

Also, developing nations are now starting to experience media manipulation as we did. Advertisers are using sophisticated marketing-targeting strategies in attempting to create desires for products that are probably, at best, unnecessary and, at worst, harmful. How long will it be before we are able to hear the dangers of life without "ring around the collar" in 137 languages, or be able to flip the TV dial on anywhere in the world and see an Asian, African, Hispanic or even Arctic woman running through a natural setting with a silk scarf flowing behind while we hear how " Charlie" is "wild and wonderful." No product information, no quality information about the contents or ingredients just a wonderful image. A much more serious problem than manipulation is the problem of violence that consumers in developing countries are experiencing as a result of the carelessness of multinational corporate marketing strategies. Time after time, products that cannot be sold in America or Europe, because they have been deemed dangerous, because they maim, or because they create problems for generations in the future, are slowly showing up in developing countries. If it is not safe enough to sell in this country, let's sell it somewhere else. This is no more than racism at its worst. We, as global consumers, must place our energy in stopping this type of marketing.

The International Organization of Consumers Unions was founded in 1960 by representatives of five consumer groups from five countries. It now has over 120 members from 50 countries including a wide mix of developing and developed nations. It provides a worldwide communications network and clearinghouse of information from its headquarters in the Hague. It has established four organizations that can be used by all of us for information exchange. We can learn from it and we can put information into it. It has the International Baby Food Action Network and you are pretty familiar with the work they've done. It has the Pesticides Action Network and a Health Action Network International with focus on health and drug issues. It has, also, something called the Consumer Interpol. Consumer Interpol is an organization that processes information about hazardous products as it comes out of different countries and furnishes that information all around the globe. It is a network that people might want to plug into to who have an

interest and want to make the world a safer place by recognizing its commitment to a global consumer economy.

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